

807 DAILY DEPARTURES, 125 DESTINATIONS, 277 ROUTES

# FOR FREQUENT TRAVELERS

SAS SUSTAINABILITY REPORT NOVEMBER 2013–OCTOBER 2014



A STAR ALLIANCE MEMBER 



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## About this Sustainability Report

1	This is the 19th SAS Sustainability Report, which has been subject to third-party review since 1997. This Sustainability Report describes SAS's most essential environmental and societal aspects during the 2013/2014 fiscal year (or FY2014). SAS has self-declared the Annual and 2013/2014 Sustainability Report to be Application Level A+, in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines version 3.0. PwC has reviewed the 2013/2014 Sustainability Report and has confirmed it to be Application Level A+.
2	
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7	The UN Global Compact, ISO 14001 and the Carbon Disclosure Project were taken into consideration in the preparation of this Sustainability Report. The SAS Annual Report with a sustainability overview and the separate Sustainability Report for the 2012/2013 fiscal year were published in February 2014. SAS initially planned to report the 2013/2014 fiscal year Sustainability Report according to GRI G4 but later decided to wait until the 2014/2015 fiscal year.

### Readers guide to this Sustainability Report

- The SAS Group is referred to as SAS in this Sustainability Report.
- The fiscal year is from November 1 through October 31.
- SAS consists of Scandinavian Airlines (incl. SAS Maintenance Production, SAS Cargo Group A/S and Blue1) and SAS Ground Handling.
- The KPIs reported in this Sustainability Report generally cover (unless specifically stated):
  - Financial KPIs: SAS
  - Environmental KPIs: flight related: flights flown on SK flight number. Ground related: SAS
  - Social KPIs: SAS (for sick leave, Blue1 is reported separately)

### External review: Material sustainability information and EU-ETS

All material sustainability information in the Annual and Sustainability Reports for the 2013/2014 fiscal year has been reviewed by PwC. The Auditor's report of the Sustainability Report can be found on page 42.

PwC has verified the systems and reports regarding the EU trading scheme for emission allowances for flights on SK flight number.

### Contact information

Lars Andersen Resare, Head of Environment and CSR  
+46 70 997 23 46, lars.andersen@sas.se



# Strengthened position in a challenging market

In the 2013/2014 fiscal year, SAS experienced positive passenger growth of 6.3%. In parallel, we increased productivity and lowered costs. We can see that our strategy is having an effect and our competitiveness is being strengthened. Concurrently, the year was marked by intense competition with strong price pressure, which have fundamentally changed the commercial terms in the market.

SAS has continued to deliver promised efficiency enhancements and it is pleasing to see our strategy having an impact. Unit cost is steadily improving and we have experienced strong passenger growth. SAS posted positive earnings before tax and nonrecurring items, including a positive effect from amended pension terms, for the full-year 2013/2014. This was in line with our forecast, but also clearly shows the impact of market trends on SAS.

The intense price pressure during the year has significantly impacted the entire industry and escalated the reshaping of the European airline industry. The new norm with external production models, the formation of proprietary low cost carriers and using staffing agencies is becoming increasingly established and is radically changing competitive conditions.

To meet market challenges and strengthen competitiveness, SAS has initiated discussions with the trade unions to achieve increased flexibility and reduced complexity. In parallel, SAS has intensified measures linked to the company's strategic priorities: to establish an efficient operating platform, to win the battle for Scandinavia's frequent travelers and to invest in our future.

Regardless of the turmoil in the airline industry, and the implications that this has had on SAS, it is our firm belief that our long-term competitiveness will only be ensured if we continue to act responsibly. SAS's work on sustainable development is always based on ensuring social, environmental and financial responsibility, and continuous improvement efforts.

During the fiscal year, SAS took many important steps in terms of sustainable development. We continued our efforts on increasing job satisfaction and reducing sick leave. Our efforts continued in the environmental programs established in our environmental management system certified according to ISO14001.

Environmental responsibility is central to SAS's business, and the company's commitment to continuous reductions of climate-impacting emissions is sharply in focus. SAS supports IATA's vision of making it possible to fly without greenhouse gas emissions by about 2050.



SAS  
Environmental Program

This is the symbol for the SAS environmental program, which comprises all the environmental measures contained in the SAS environmental management system. One of the areas where the symbol can be found is on the engines of the SAS Boeing 737NG fleet.



Our milestone target is to reduce flight emissions by 20% in 2015 compared with 2005.

At the end of the 2013/2014 fiscal year, we achieved a 19.1% reduction in CO<sub>2</sub> emissions per passenger kilometer compared with the full-year 2005. At the same date, total CO<sub>2</sub> emissions were reduced by 12.5%.

During the fiscal year, SAS's climate index improved by 2 percentage points, and carbon emissions per passenger kilometer decreased to 100 grams, a 3.4% reduction. The improvement is primarily due to the fleet renewal and more efficient ways of operating existing aircraft.

During the year, SAS also conducted two flights with blend-in of synthetic JET A1 based on reused mineral oils and decided to start a blend-in on a regular basis from Oslo Gardermoen from March 2015.

As we enter a new fiscal year, we are well aware that we have just begun our journey on safeguarding the long-term competitiveness of SAS. However, we are equally aware that active and structured sustainability initiatives are the very foundation for our future success – in terms of customer loyalty, employee preference and operational efficiency.

**Rickard Gustafson**  
President and CEO

# This is SAS

SAS consists of Scandinavian Airlines (incl. SAS Maintenance Production, SAS Cargo Group A/S and Blue1) and SAS Ground Handling. Scandinavian Airlines and Blue1 have their own Air Operations Certificates (AOC). All commercial functions, Sales & Marketing and staff units, such as purchasing, human resources, finance, legal, Environment and CSR, etc. are centralized at SAS. The head office is located in Stockholm.

## Passenger transport

SAS primarily conducts passenger transport in its main market, the Nordic region, through the airline Scandinavian Airlines on the SK flight number. SAS's share of total traffic in its home market (measured in number of passengers) was 35% in the 2013/2014 fiscal year.

SAS is the largest airline in the Nordic region in terms of revenue, passengers and flights. Its network is mainly dimensioned according to business travelers' needs, but leisure travel is an expanding segment and represents a growing share of revenue. The main bases are Copenhagen Kastrup, Oslo Gardermoen, Stockholm Arlanda and Helsinki Vaanta. Flights are operated with aircraft and crew on SK flight numbers within the organization, as well as in wet lease operations with internal and external suppliers. Based on the fuel consumed, 97% of all flights with an SK flight number were flown by Scandinavian Airlines (incl. Blue1) during the 2013/2014 fiscal year. The remaining 3% were flown by external suppliers.

## Cargo transport

SAS offers freight and mail services. These services are provided by the wholly owned subsidiary, SAS Cargo Group A/S (SCG). SCG is managed from Copenhagen and includes an independent full-service provider of freight forwarding services, Trust Forwarding. The actual handling of freight and mail is carried out by ground handling agents. SCG's subsidiary, Trust Forwarding, is 100% owned by SCG and its environmental data and results are included in SCG's data and results.

## Ground handling

SAS Ground Handling (SGH) operates at airports in Norway, Sweden and Denmark. Customers include airlines within SAS and SAS's partners and external customers. Based on the number of weighted landings, 71% of SGH customers were flights with an SK flight number and the remaining 29% comprised external customers during the

2013/2014 fiscal year. SGH includes, for example, passenger and lounge services, loading and unloading, de-icing and towing of aircraft. With the same metric, SGH provided ground handling to 75% of all flights with an SK flight number. The remaining 25% was provided by external ground handling suppliers at locations where SGH is not present. SAS own 90% of SGH.

## Technical maintenance

Scandinavian Airlines and Blue1 have their own technical maintenance where appropriate and profitable. SAS Maintenance Production is part of Scandinavian Airlines and conducts technical maintenance at Scandinavian Airlines' home bases. Each organization has its own airlines as the largest customers but also offers their services to external airlines. The respective airlines also buy a growing share of their need for technical maintenance services from other suppliers. Based on the number of work hours, Scandinavian Airlines represented 89% of SAS Maintenance Production customers during the 2013/2014 fiscal year. The remaining 11% was external customers. With the same metric, SAS Maintenance Production provided 60% of Scandinavian Airlines maintenance work. The remaining 40% was provided by external suppliers.

## Scandinavian Airlines aircraft fleet

Scandinavian Airlines has a network of destinations with varied passenger volumes and distances, which requires a fleet of aircraft of different sizes and range to make the offering attractive to business and leisure travelers. Scandinavian Airlines (incl. Blue1) had 138 aircraft in its own operations at year-end and the fleet comprised 12 long-haul aircraft, 109 short-haul aircraft, and 17 regional jets. There are also nine aircraft on wet lease. The average age of the aircraft fleet was 11.2 years. Scandinavian Airlines has renewed its fleet by introducing six newer aircraft and phasing out two old aircraft during the fiscal year.



# Summary of our strategy

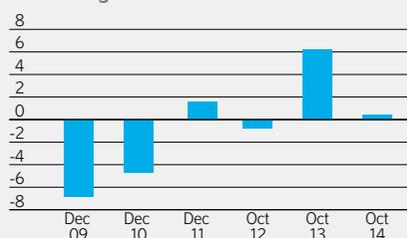
Strategy	Targets	Examples of activities in 2013/2014	Outcome 2013/2014
<b>1) Establish an efficient production platform</b>	<ul style="list-style-type: none"> <li>• SEK 3 billion in cost-efficiency enhancements in 2012 to 2015</li> <li>• SEK 2.1 billion in further cost-efficiency enhancements with full effect in 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Changed collective agreements and pension terms implemented</li> <li>• Reductions made in administration</li> <li>• New IT supplier</li> <li>• Further reduction in administration of 300 FTEs initiated</li> <li>• 50% personnel reduction at Blue1</li> <li>• New supply chain unit for optimization of external costs</li> <li>• Expansion of wet lease production</li> <li>• Simplified processes through Lean</li> </ul>	<ul style="list-style-type: none"> <li>• Unit cost down 3.9%</li> <li>• Aircraft utilization up 3.6%</li> <li>• Block hours, pilots up 3.0%</li> <li>• Block hours, cabin crew up 5.7%</li> <li>• Punctuality raised 1.8 percentage points</li> </ul>
<b>2) Win the battle for Scandinavia's frequent travelers</b>	<ul style="list-style-type: none"> <li>• Increase the number of frequent travelers in Scandinavia who travel with SAS</li> <li>• Raise customer satisfaction</li> <li>• More EuroBonus members</li> </ul>	<ul style="list-style-type: none"> <li>• SAS Go and SAS Plus service concepts strengthened</li> <li>• Rejuvenate the EuroBonus offering</li> <li>• New domestic lounges in Oslo and Gothenburg</li> <li>• Introduction of Fast Track in Stavanger, Bergen and Trondheim</li> <li>• Automatic boarding and baggage drop</li> <li>• More than 50 new routes launched in 2013/2014</li> </ul>	<ul style="list-style-type: none"> <li>• Passengers up 6.3%</li> <li>• Load factor up 1.3 percentage points</li> <li>• 500,000 new EuroBonus members</li> </ul>
<b>3) Invest in our future</b>	<ul style="list-style-type: none"> <li>• Streamlining, increasing efficiency and modernizing the aircraft fleet</li> <li>• Increased fuel efficiency</li> <li>• Investing in improved leadership in the organization</li> </ul>	<ul style="list-style-type: none"> <li>• Cabin interior upgrades for the medium-haul fleet and upgrades of cabin interiors for SAS long-haul aircraft with delivery ahead of 2015</li> <li>• Phasing out of the Boeing 737 Classic</li> <li>• Introduction of new leadership and employee models</li> </ul>	<ul style="list-style-type: none"> <li>• One type of medium-haul aircraft at each base</li> <li>• Only Next Generation aircraft</li> <li>• Carbon dioxide emissions down 3.4%</li> <li>• Leadership index 67 (67)</li> <li>• Job satisfaction 58 (57)</li> </ul>

## Value creation

### Shareholder value

SAS's overriding target is to create value for its shareholders. Given the ongoing extensive changes to the European airline industry with intensified competition as a result, SAS has initiated discussions with its unions addressing how to respond to the new industry requirements relating to flexibility and the need to reduce complexity. SAS intends to reassess its EBIT margin and equity/assets ratio targets based on the outcome of these discussions. The 20% target for financial preparedness stands firm however and is expected to continue to improve.

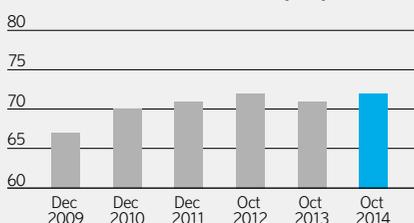
#### EBIT margin



### Customer value

Frequent travelers comprise the group that values the SAS offering highest. In 2013/2014, SAS invested in product improvements, such as new lounges and more Fast Track facilities as well as continued development of the EuroBonus customer loyalty program that further strengthened the offering to frequent travelers. Customer satisfaction at SAS has stabilized at a high level and rose one point during the 2013/2014 fiscal year to 72 in October 2014.

#### Customer Satisfaction Index (CSI)



### Sustainability

Today's travelers are aware of what is required to secure a sustainable society in the long-term. SAS contributes by providing a well-tailored offering of frequent flights, which are produced with a constantly declining climate and environmental impact as well as with good ethical standards and secure employment terms. The target for SAS is a 20% reduction in flight emissions by 2015 compared with 2005.

SAS's reduction in carbon emissions per passenger kilometer for 2013/2014 compared with 2012/2013.

**-3.4%**

# Sustainability work in brief

- SAS introduced six new aircraft and retired two older aircraft in Scandinavian Airlines' fleet.
- SAS's total CO<sub>2</sub> emissions from flight operations increased 2.0% during the fiscal year, while the total number of tonne kilometers increased 4.3% compared with the 2012/2013 fiscal year.
- SAS's relative passenger-related CO<sub>2</sub> emissions decreased during the period to 100 grams (104) per passenger kilometer compared with 2012/2013 fiscal year.
- SAS's relative cargo related CO<sub>2</sub> emissions increased during the period to 528 grams (510) per cargo tonne kilometer compared with the 2012/2013 fiscal year.
- The rolling 12-month Fuel Efficiency Index improved 0.1% compared with the 2012/2013 fiscal year.
- Energy consumption in facilities was reduced by 16.3% compared with the 2012/2013 fiscal year.
- Fossil fuel consumption by ground vehicles fell 21.4% compared with the 2012/2013 fiscal year.
- SAS complied with the EU-ETS regulations for 2013.
- Job satisfaction at SAS increased one unit to 58 (57).
- Sick leave declined to 7.8% (8.0) in SAS (excl. Blue1) and to 5.4% (5.6) in Blue1.

SAS's work on sustainable development is always based on ensuring social, environmental and financial responsibility, and continuous improvement efforts.

Structured long-term efforts allow clear measurable improvements to be achieved and sustainability-related risks to be minimized. Utilizing clearly defined management systems to maintain, for example, flight safety, HR processes, quality work and environmental management, is integral for a professional operator in a regulated and competitive market. For example, in 2010, SAS elected to be certified in line with the ISO

14001 environmental management system. SAS re-certified its ISO 14001 certificate in 2013. This guarantees that work can be conducted in a structured manner in order to maintain the legal requirements pertaining to the environmental impact of the SAS's operations, while the environmental improvement initiatives are placed in clearer focus by the management and Board. Finally, the management system is examined and audited by an external party, thereby creating the transparency and credibility warranted by the issues. Furthermore, SAS has its Sustainability Report reviewed by an external party.

**SAS flight operations, climate index**



Climate index consists of emissions of carbon dioxide (2/3) and nitrogen oxides (1/3) related to traffic measured in passenger kilometers with full-year 2011 set as Index 100.

**SAS flight operations, CO<sub>2</sub> gram/passenger kilometer<sup>1</sup>**



<sup>1</sup>) New calculation method as of November 2011.

SAS's stakeholders generally emphasize environmental responsibility, particularly regarding SAS's fulfillment of requirements on reducing climate-impacting emissions. Accordingly, environmental responsibilities comprise the largest part of SAS's reported sustainability practices. However, social responsibility – in the broadest sense of the term – is equally important for SAS.

To communicate the sustainability initiatives and their results, SAS endeavors to maintain a high level of quality in its sustainability reporting; work that is also driven by external requirements and stakeholder expectations.

SAS's long-term goals remain firmly in place and sustainability reporting will maintain the high standard, for which SAS has received praise from external stakeholders.

Despite market turmoil in the airline industry in recent years, commitment to sustainability-related issues has not waned. SAS hopes that active and structured sustainability initiatives will create increased customer loyalty. Ultimately, customers decide the significance of sustainability aspects when they choose their air travel supplier. SAS's approach is that this is a core issue in producing services and SAS encourages all stakeholders to adopt the same approach.

2%

Commercial air transport's share of global CO<sub>2</sub> emissions.

6

Newer aircraft phased into Scandinavian Airlines' fleet.

100

SAS's average CO<sub>2</sub> emission per passenger kilometer in the 2013/2014 fiscal year.

19%

Reduced average CO<sub>2</sub> emission per passenger kilometer in the 2013/2014 fiscal year compared with 2005.

94B

SAS score in CDP (Carbon Disclosure Project) 2014.

#### Sustainability-related KPIs<sup>1</sup>

	Nov 2013– Oct 2014	Nov 2012– Oct 2013	Nov 2011– Oct 2012
Revenue, MSEK	38,006	42,182	42,419
EBT before nonrecurring items, MSEK	347	919	21
EBIT margin, %	0.4	6.2	-1.6
Number of passengers, millions <sup>8</sup>	27.1	28.1	28.2
Average number of employees <sup>4</sup> , of whom women, %	12,329	14,127	14,897 <sup>2</sup>
Sick leave, % <sup>3</sup>	40	39	38 <sup>2</sup>
Total number of occupational injuries	7.8	8.0	7.1 <sup>2</sup>
Climate index	270	280 <sup>5</sup>	257 <sup>2</sup>
CO <sub>2</sub> emissions, 000s tonnes	92	94 <sup>5</sup>	98 <sup>5</sup>
NO <sub>x</sub> emissions, 000s tonnes	3,890	3,815 <sup>5</sup>	3,919 <sup>5</sup>
CO <sub>2</sub> gram/passenger kilometer	16.4	16.2 <sup>5</sup>	15.9 <sup>5</sup>
Fuel consumption airline operations, 000s tonnes	100	104 <sup>5</sup>	108 <sup>5</sup>
Fuel consumption ground operations, 000s liters <sup>7</sup>	1,235	1,211 <sup>5</sup>	1,244 <sup>5</sup>
Water consumption, 000s m <sup>3</sup>	1,625 <sup>6</sup>	1,776 <sup>5,6</sup>	1,778 <sup>5</sup>
Energy consumption, ground, GWh	63	99 <sup>5</sup>	155 <sup>5</sup>
Unsorted waste, 000s tonnes <sup>7</sup>	125	149 <sup>5</sup>	172 <sup>5</sup>
Hazardous waste, 000s tonnes <sup>7</sup>	0.3	0.4 <sup>5</sup>	0.7 <sup>5</sup>
External environment-related costs, MSEK	0.1	0.2 <sup>5</sup>	0.2 <sup>5</sup>
	364	313 <sup>5</sup>	275 <sup>2,5</sup>

1) Accounting policies on page 38.

2) Pertains to January–October 2012.

3) Applies to SAS excl. Blue1.

4) Source: Note 3 on page 39 in SAS Annual Report with sustainability overview November 2013–October 2014.

5) SAS excl. Widerøe.

6) Includes only ground operations at SAS main bases; Stockholm, Oslo and Copenhagen.

7) Includes only ground facilities, including technical maintenance.

8) Scheduled traffic.

# SAS's view on sustainability

## Responsibility for sustainable development

For SAS, sustainable development entails a simultaneous focus on sustainable profitability and financial growth, gradual environmental improvements and social responsibility.

SAS is convinced that financially sustainable operations require social and environmental responsibility, and that work on sustainability issues contributes to value growth and competitiveness in a variety of ways.

SAS has a considerable social impact, both as a major employer and contractor, and by maintaining infrastructure for society. At the same time, aircraft operations in particular have an adverse environmental impact, primarily through emissions of greenhouse gases and noise around airports.

SAS takes its responsibility seriously and despite the turbulent civil aviation market in recent years, SAS has chosen to maintain its commitment to sustainability-related issues.

SAS's sustainability work is based on its policies, structured business processes and the commitment to adhere to the principles of the UN Global Compact, the SAS Code of Conduct and SAS's priorities and promises.

Work is focused on minimizing sustainability-related risks and capturing potential opportunities to avoid unnecessary costs and capture potential savings. A well-structured sustainability effort creates value and supports our customers' purchasing behavior.

## Environmental responsibility

The environmental impact of civil aviation primarily comprises emissions from consumption of non-renewable fuels and noise. Aircraft operations often account for more than 95% of the total environmental impact of an airline.

SAS's environmental responsibility is to comply with relevant legislation and to ensure minimal total long and short-term emissions and other environmental impact.

## Social responsibility

SAS's social responsibility primarily encompasses its own employees and the environment that are reliant on and impacted by SAS's opera-

tions in a number of countries, mainly in the Nordic region. Competition in the airline business in Europe is fierce. Employees play a key role in creating added value for the customer offering.

As an employer, SAS's responsibility is to ensure decent work conditions and work environment. SAS is also responsible for providing development opportunities as professionals and as human beings.

As a buyer, SAS uses the services of a number of subcontractors, thereby contributing to economic and social welfare in the countries and communities where its businesses operate.

As a supplier, SAS has a responsibility to deliver products and services that ensure consumer health and safety, and are reliable, environmentally adapted and produced under decent conditions, etc.

## Financial responsibility

Every corporation has a responsibility to comply with legal requirements and to maintain a high standard of business ethics as well as ensuring compliance with national policies and laws on financial responsibility.

An analysis of SAS's statement of income reveals that major portions of revenue and expenses and essential industry-specific earnings measurements are items relevant from an environmental and/or social perspective. In brief, the highest possible financial return is generated by the best possible resource utilization and management of the company's assets, both human and financial. Optimal resource utilization means flying fuel-efficiently and optimizing capacity for carrying passengers and freight. Lower fuel consumption leads to lower fuel costs and at the same time reduces the charges SAS pays for emissions.

The same applies to all other activities that, in addition to environmental considerations, have strong financial incentives to reduce consumption of energy and other resources.

## Business relations

Anti-trust issues are always in focus for the aviation industry. The SAS Competition Law Compliance Program encompasses all relevant employees and is designed to ensure that SAS complies with laws, regulations and practices in its area of operation. Regulations relating to bribery and other improper actions are particularly strict.

# The framework for civil aviation

## Competition

The market is characterized by increasingly fierce competition and intensifying price pressure, affecting margins and profitability for the entire industry. The outlook for the global market is uncertain and susceptible to effects from different global events. SAS has competition from low-service airlines on most short-haul routes and competition is increasing on long haul. Although views vary regarding future trends in air transport, according to industry organizations the Middle East and Asia appear to be showing the fastest growth – especially China and India – while mature markets in the industrialized West will report lower growth figures. Furthermore, primary growth is expected to take place on longer routes that offer no other real alternative to air transport.

## Labor

The civil aviation industry is moving toward new or re-shaped employment models to lower costs and increase flexibility. For the last few years, SAS has been working with the unions to reduce costs and increase flexibility within the existing employment model. Regardless of the employment model, it is crucial that the employer upholds its obligations regarding social responsibility toward society in general and its employees.

In the opinion of SAS, there is uncertainty concerning the rules governing where employees are based and where the work is carried out. SAS's position in this matter is clear. Society must clarify and create the prerequisites for a level playing field within the industry whereby employees are employed under local terms, where they are based and where their work is carried out. When based in Scandinavia, employees should be covered by Scandinavian employment terms, work legislation and tax regimes.

## Aviation industry moving toward zero emissions

SAS fully supports IATA's vision that, by 2050, it will be possible to fly commercially without any climate impact. This vision is to be realized through a combination of new technology, more efficient air traffic man-

agement, new fuels and coordinated actions to improve the infrastructure and the conditions under which air transport operates.

To achieve this vision, IATA and other areas of the airline industry have agreed on a joint target, which will subsequently be adopted by the entire airline industry and is now set to be further developed by ICAO:

- Improvement of fuel efficiency by an average of 1.5% annually until 2020
- Carbon-neutral growth from 2020
- 50% reduction in greenhouse CO<sub>2</sub> emissions by 2050, compared with 2005 levels

Source: [www.enviro.aero](http://www.enviro.aero)

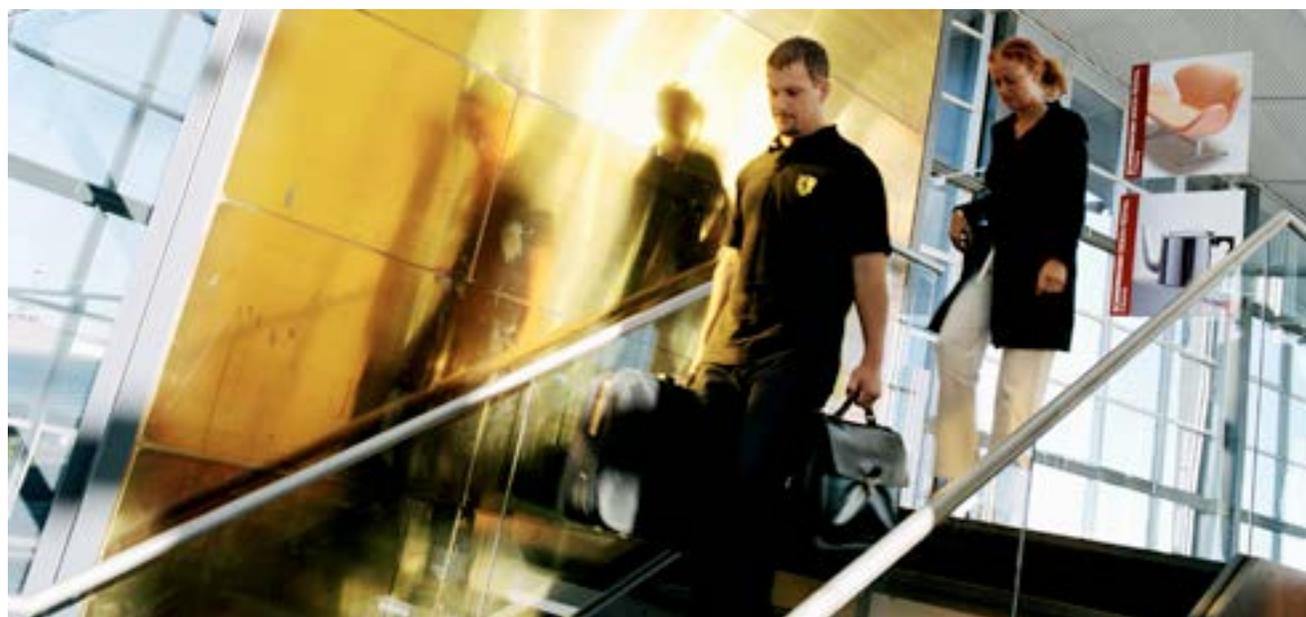
## Sustainability-related, market-based measures, taxes and charges

Civil aviation pays the costs of the infrastructure it needs and uses to operate flights, meaning airports and air traffic control. The cost of security is also financed within the industry.

There are various environmental taxes and charges related to noise, emissions or number of passengers. One example of a market-based measure is the EU Emissions Trading Scheme regulations (EU-ETS), under which the civil aviation industry pays for its carbon emissions within the EU based on an established market-based measure.

SAS's opinion is that market-based measures should not distort competition, should address the emissions targeted for reduction needs and should create an incentive for continuous improvement.

SAS has supported the development of a global, market-based solution for airline emissions for a long time. The UN aviation organization ICAO is responsible for creating such a solution in the next few years for implementation by 2020 at the latest. The key elements of a global solution should not distort competition and should incorporate the UN's CBDR principles (Common But Differentiated Responsibility).



# Management system

## SAS Governance

### Board of Directors

The Board of Directors consists of six to eight members elected by the shareholders' meeting. There are also three employee representatives who are appointed by SAS's employee groups in Denmark, Norway and Sweden.

The Board's work is governed by the Swedish Companies Act, the Articles of Association, the Code of Conduct and the formal work plan adopted by the Board each year. The Board's work follows a plan intended, among other things, to ensure that the Board receives all necessary information. At its meetings, the Board discussed the regular business items presented at the respective meetings including business and market conditions, financial reporting and follow-up, the company's financial position and investments. The Board also discussed any sustainability-related information of material importance.

### Group Management

The Board appoints the President of SAS AB, who is also Group CEO. The Board has delegated responsibility for the day-to-day management of company and Group operations to the President. Group Management comprised eight members, including the President. Group Management normally has minuted meetings every week. Group Management's management and control of operations are based on a number of guidelines and policies regarding financial management and follow-up, communication issues, human resources, legal issues, the Group's brands, business ethics and environmental matters.

## Management CSR Development



### Environment & CSR work within SAS

SAS has a central department for Environment & CSR that reports to senior management. The task of Environment & CSR is to support management in CSR-related matters, both internally and externally. In addition to its supporting role, Environment & CSR has responsibility for maintaining and developing the CSR Agenda, fuel-saving activities, compliance with EU-ETS/MRV, ISO 14001 certification, coordination of alternative fuel activities and support for the organization in CSR issues.

The department channels and collects information through a "Sustainability network" and groups within the environmental management system.

### Code of Conduct

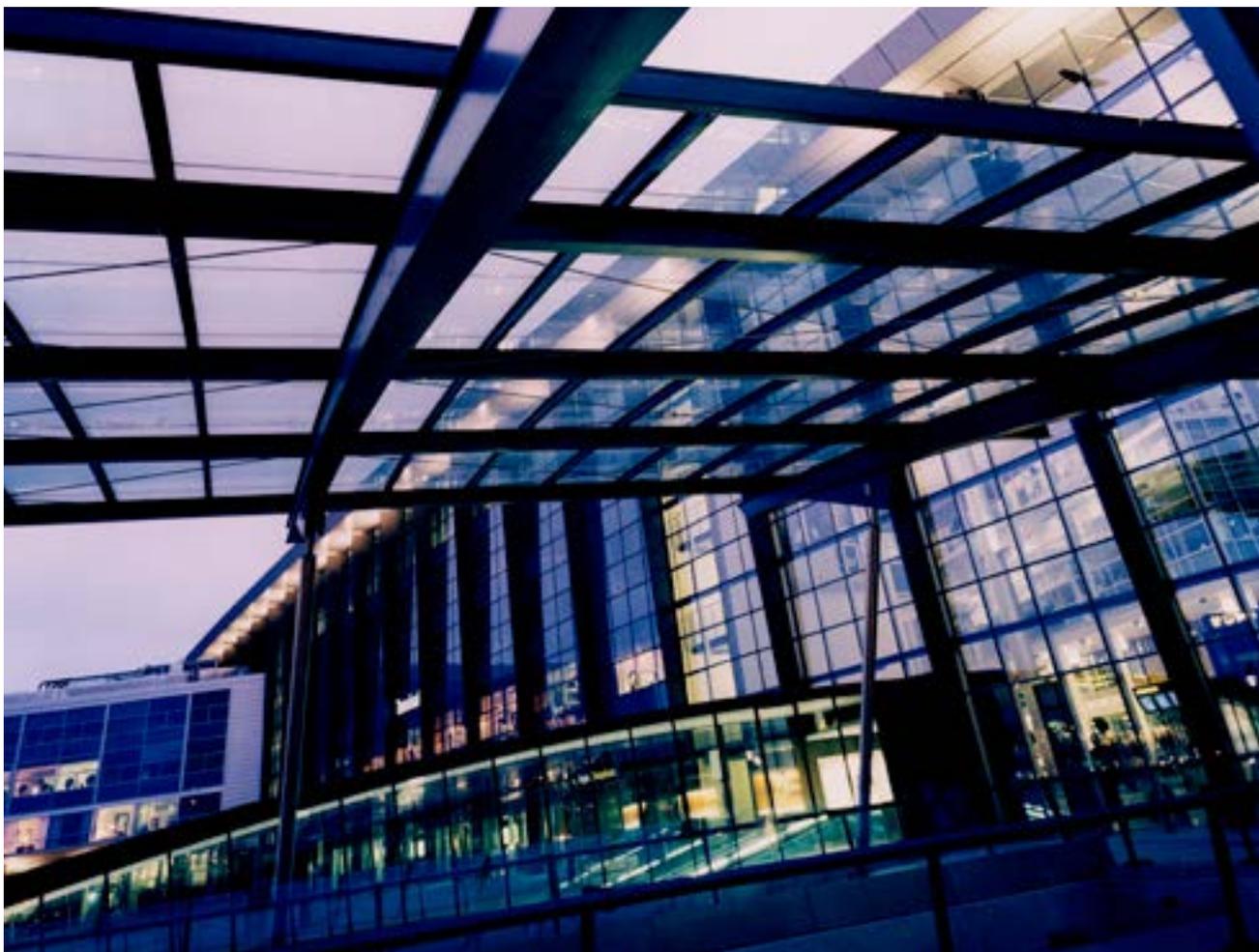
To summarize and clarify SAS's stated priorities, promises, policies and other regulations, the SAS Board of Directors has issued a Code of Conduct that applies for all SAS employees. To underscore the Code's importance, there are clear rules and structures for reporting and addressing suspected violations. Supervisors and other managers play

a key role in implementing and following up the Code. An extensive training program supports the Code and the goal is for all personnel to participate in the program. The Code's whistleblower function was used in five cases. Three cases were dismissed without further action and two led to some action after investigations.

### Environmental Management System

SAS's environmental management system encompasses all activities at SAS. The system focuses on activities around the main bases (Stockholm, Copenhagen, Oslo and Helsinki), but also includes other geographical areas through follow-up programs and contracted services.

The system is based on shared environmental and sustainability policies, the Code of Conduct, the UN Global Compact, airline operational standards and ISO 14001. It provides guidelines for a continuing cycle of planning, implementation and evaluation, as well as the improvement of processes and activities to meet operational and environmental targets. SAS has a review process that also integrates environmental reports and the most important aspects of CSR in



existing quality/security inspections. This is part of our endeavor to achieve continuous improvements.

#### **UN's Global Compact, GRI and CDP**

SAS joined the Global Compact in 2003 and participates in the Global Compact's Nordic Network. One criterion for publishing company information on the Global Compact website is an annual update of the material, the Communication On Progress (COP). The most recent update of SAS's information was completed in April 2014. The UN Global Compact is a pivotal component of the SAS Code of Conduct and the requirements imposed on the company's suppliers. SAS's sustainability reporting observes the guidelines of the Global Reporting Initiative (GRI) and is reviewed by an external auditor. GRI is a framework designed for sustainability-related information and performance. SAS reports to the CDP (Carbon Disclosure Project). In 2014, SAS scored 94B.

#### **Sustainability-related business opportunities and risks**

Management of sustainability-related risks is integrated with SAS's comprehensive risk management. In general, it can be concluded that risks are reduced – and, indeed, certain opportunities offer tangible business potential – by having proactive and effective sustainability

programs. Proactively working with its environmental impact in a structured environmental management system provides a company with control and the capacity to deal rapidly with changing requirements in the business environment and those demanded by certain customer groups.

Another example is the ability to impose demands on product and service suppliers, where, thanks to favorable insight and monitoring, there is the potential to contribute to exerting positive influence on developments at individual suppliers.

#### **Managing sustainability-related data**

The various operations in SAS report once a year on measures for the purpose of improving the sustainability work through internal self-assessments.

Reporting covers such areas as community involvement, supplier contacts, cooperation with internal and external stakeholders, work environment, training, conflicts and efforts involving the Code of Conduct and the UN Global Compact. Relevant sustainability data is reported monthly, quarterly or annually, while data concerning employees is followed up at a local level on an ongoing basis.

# SAS's CSR agenda, priorities and aspects

## SAS Corporate Social Responsibility (CSR) Agenda

- Legal Requirements
  - Own Vision / Strategies / Goals
  - Compliance / Due Diligence
  - Stakeholder Dialog
  - Monitoring / Reporting
- Environmental Responsibility**
  - ISO 14001
  - Environmental Programs
- Financial Responsibility**
  - Profitable Business
  - Anti-Corruption
  - Business Ethics
- Social Responsibility**
  - Labor Practices & Descent Work
  - Human Rights
  - Diversity & Equality
  - Product Responsibility
  - Social Involvement

### SAS's CSR Agenda

SAS is constantly reviewing its CSR agenda with respect to priorities, activities, progress, etc.

#### Priorities

SAS's stakeholders generally place the greatest importance on environmental responsibility, particularly relating to how SAS handles the demand for reducing greenhouse gas emissions.

Accordingly, environmental responsibility comprises the largest part of SAS's reported sustainability work. For SAS, social responsibility on a broad scale is just as important, but is not given the same amount of space in this report. SAS will conduct an updated materiality analysis in preparation for the 2014/2015 fiscal year sustainability reporting according to GRI G4.

#### Social aspects

Examples of priority social aspects at SAS are employee satisfaction, occupational injuries, work conditions, sick leave and diversity and equality. SAS continuously follows up the development of these aspects to increase employee satisfaction and reduce costs.

SAS discloses social key performance indicators on page 18.

#### Environmental aspects

Environmental aspects are identified using a proprietary method in the certified environmental management system. The degree of significance of the environmental aspect is governed by such factors as the scope of the environmental consequences, emissions/wastewater vol-

umes, legal requirements, the risk of incidents and deviations, and end stakeholder groups' demands and expectations.

SAS's most significant environmental aspects derive from:

- emissions from using fossil jet fuel
- noise from aircraft
- emissions from diesel and gasoline consumption
- energy use in facilities,
- fuel and glycol spillages
- waste

SAS makes a distinction between direct and indirect environmental aspects. Direct environmental aspects are the environmental effects over which SAS has direct control, while the indirect features are those that can be influenced only to a greater or smaller degree. This is of major significance to improvement programs where controllable effects can be governed by guidelines and policies, while an indirect environmental aspect must be governed through purchases, contracts, cooperative agreement, dialogs and monitoring.

One example of a direct environmental aspect is jet fuel, the combustion of which emits greenhouse gases to the atmosphere. An indirect environmental aspect could be an agreement regarding hotel stays for SAS crews, etc., where the service creates emissions to air, land and water.

SAS disclose environmental key performance indicators on page 26–27.



# SAS's sustainability related policies and strategies

## Sustainability policy

For SAS, sustainable development means a simultaneous focus on financial, environmental and social responsibility. The objective is to contribute to the creation of long-term growth in shareholder value. SAS aims to follow strong sustainable practices and encourages its stakeholders to do the same.

- Sustainable development is an integrated part of SAS's business activities and is closely linked to our ability to fulfill and develop the priority program, Care.
- To contribute to sustainable development, everyone, in their daily work, must take financial, environmental and social considerations into account.

## Sustainable development strategies

SAS aims to:

- create a culture among its employees based on strategic decisions and a commitment to environmental work.
- use documented sustainability appraisals as a basis for all decisions.
- engage in strategic sustainability communication with relevant stakeholders.
- promote tomorrow's solutions through alliances and proactive demand of better sustainability performance from our suppliers and stakeholders.

## Environmental vision

SAS intends to be a part of the future long-term sustainable society and support IATA's vision of flying without greenhouse gas emissions by around 2050.

## Eco-political vision

SAS's eco-political vision is for all four transport sectors – road, rail, sea and air – to pay for investments and infrastructure, other social costs (such as accidents) and environmental impact according to the "polluter pays" principle. Subsequently, all four sectors should compete in a competitively neutral transport system, based on a holistic approach.

## Environmental policy

SAS is to have an environmental program on par with leading industry competitors that attracts employees, customers, and investors and is perceived as positive by other stakeholders.

SAS is to contribute to sustainable development by optimizing resource use, seeking the use of renewable energy and minimizing its environmental impact throughout its operations.

SAS's environmental programs and activities are based on continuous improvement, with reference to SAS's overall environmental

goals. Each unit is responsible for setting specific targets and working to achieve them.

The activities under SAS's environmental programs are to be coordinated and integrated with production, quality and financial activities and comply with applicable legislation and other requirements.

The overall goal for SAS's environmental programs is to create long-term value growth for its owners and contribute to SAS meeting its goals.

## Environmental goals 2015

The environment goals for 2015 lay the foundation for ensuring that SAS's operations are sustainable in the long term. The work on the necessary measures are a natural, integrated part of the SAS environmental programs conducted under the SAS environmental management system certified according to ISO 14001. The deterioration in market conditions has not affected SAS's goals. The goals are detailed below.

SAS will reduce:

- flight emissions by 20% in 2015 compared with 2005.
- ground-related energy consumption by 15% in 2015 compared with 2010.
- ground-vehicle consumption of fossil fuels by 10% at SAS's major airports in Scandinavia by 2015 compared with 2010.
- noise on take-offs with 15% in 2015 compared with 2010.

## SAS's Quality Policy

SAS is committed to satisfying customers' expectations for a safe and efficient operation. Safety is SAS's foremost quality parameter.

The following order of priorities is always applied:

- Safety and security
- Punctuality
- Care

SAS believes that quality is the concern of everyone.

Continuous improvements are to be achieved at all times through the dedication of our employees, established standards and measurements and by cooperation with auditors.

SAS is to control its risk exposure and ensure risk awareness in daily work at all levels.

All flights are to be serviced and operated in accordance with established procedures based on authority regulations, company requirements and safe operational practice.

Activities at SAS are to be performed in such a way that they contribute to minimizing the negative effect on the environment.

# Stakeholders and collaboration

SAS has a long tradition of a well-developed and fruitful cooperation with a wide range of stakeholders and involvement in community-related issues.

For some time now, SAS has worked to systematize, strengthen and further develop relations with external stakeholders. This contributes to creating the premises for the conditions underlying SAS's competitiveness and operational framework.

All stakeholders seeking contact with SAS are offered the opportunity of a dialog with the company.

During the last few years sustainability issues have gained greater importance for SAS stakeholders, primarily from the public administration and the business sector. One example is the increasing number of sustainability related questionnaires from corporate customers and request for on-site audits.

During the 2013/2014 fiscal year, SAS was engaged in dialog and cooperation with stakeholders regarding terms and conditions for aviation from a sustainability perspective. There were three areas of primary focus:

1. Creating a more profitable SAS.
2. Improving fuel efficiency in SAS's aircraft operations through adjust-

ments in external and internal operational prerequisites or accelerating the development of alternative jet fuels.

3. Understanding the development of employment models accepted by civil aviation in Europe with a focus on Scandinavia.

SAS prioritizes close collaboration with customers, authorities, suppliers and airports in order to create prerequisites to develop solutions to improve SAS's sustainability performance. One example is a growing number of sustainability related questionnaires to SAS suppliers.

SAS engages in dialog with parties that want knowledge, drive change or support SAS in different ways, for instance, employees, partners, experts, NGOs, researchers, etc. Examples of issues may include aviation's impact as an enabler for globalization or different views on SAS's sustainability performance.

SAS participates in national industry or employee organizations in an effort to create greater understanding for the terms and conditions for the aviation industry. Together with other Nordic companies that are a part of the UN Global Compact, SAS participates in the UN Global Compact Nordic Network. SAS is also a member of national or Nordic corporate networks whose primary task is to make social responsibil-

## Examples of stakeholder groups engaged by SAS

<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Employee index PULS</li> <li>• Performance reviews</li> <li>• Whistleblower function</li> <li>• Employee meetings at all levels including meetings related to ISO 14001</li> <li>• Dialog and close cooperation with labor unions</li> </ul>	<p><b>Customers</b></p> <ul style="list-style-type: none"> <li>• Customer surveys</li> <li>• Interviews</li> <li>• Customer Satisfaction Index (CSI)</li> <li>• Image index</li> <li>• Contract customers are offered carbon dioxide compensation</li> <li>• Direct dialog in meetings and ongoing contact with several thousand customers</li> <li>• Social media</li> </ul>	<p><b>Owners, investors and financial analysts</b></p> <ul style="list-style-type: none"> <li>• Regular Board meetings</li> <li>• Annual General Shareholders' Meeting</li> <li>• Surveys</li> <li>• Teleconferences</li> <li>• Regular meetings with investors and analysts</li> </ul>
<p><b>Partnerships and networks</b></p> <ul style="list-style-type: none"> <li>• Star Alliance</li> <li>• Global Compact Nordic Network</li> <li>• CSR Sweden</li> <li>• IATA, ATAG, SAFUG and Sustainable Biofuel Network</li> <li>• NHO Klimatpanel, Baltic Development Forum, etc.</li> </ul>	<p><b>NGOs</b></p> <ul style="list-style-type: none"> <li>• Dialog with, for example, Bellona, WWF, ZERO and the Norwegian Society for the Conservation of Nature</li> </ul>	<p><b>Industry organizations</b></p> <ul style="list-style-type: none"> <li>• ICAO's Committee on Aviation Environment Protection (CAEP)</li> <li>• Association of European Airlines (AEA)</li> <li>• IATA and ATAG</li> <li>• Air Carbon Initiative (ACI)</li> <li>• Conf. of Swedish Enterprise</li> <li>• Conf. of Danish Industries</li> <li>• Conf. of Norwegian Enterprise, etc.</li> </ul>
<p><b>Authorities</b></p> <ul style="list-style-type: none"> <li>• Close contact with relevant national and international authorities, politicians, airport owners and air traffic control management</li> <li>• Together with AEA, IATA and Star Alliance, dialog meetings are held with relevant authorities</li> </ul>	<p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>• Purchasing negotiations with prioritized suppliers based on the SAS's purchase policy and adherence to the principles of the Global Compact, etc.</li> <li>• Dialog with energy and fuel suppliers</li> </ul>	<p><b>Manufacturers</b></p> <ul style="list-style-type: none"> <li>• Ongoing dialog with manufacturers of aircraft, engines and equipment that are better adapted to the environment and work equipment products, services, chemicals, etc.</li> </ul>
<p><b>Mass media</b></p> <ul style="list-style-type: none"> <li>• Daily communication and dialog with media</li> <li>• Interviews</li> <li>• Articles and opinion pieces</li> <li>• Social media, for example, facebook.com/SAS or twitter.com/SAS</li> </ul>	<p><b>Schools and universities</b></p> <ul style="list-style-type: none"> <li>• Support of and dialog on essays and doctoral theses</li> <li>• Presentations and participation in conferences and debates</li> </ul>	<p><b>Airports and air traffic control management</b></p> <ul style="list-style-type: none"> <li>• Partnership and cooperative models established with airport owners and air traffic control management at the most important airports</li> <li>• Focus on punctuality, efficiency and reduced environmental impact</li> </ul>



### Stakeholder cooperation on alternative and sustainable jet fuels

In November 2013, NISA (Nordic Initiative Sustainable Aviation) was launched with SAS as a driving force. The initiative brings together Nordic aviation stakeholders with a direct or indirect interest in ensuring long-term sustainable aviation. The logic is that a sector that cooperates has greater power to promote its interests in these issues. Starring actors and dialog partners are a number of airlines in the Nordic region as well as the largest airport owners in Denmark, Finland, Norway and Sweden. Aviation industry organizations in those countries, the respective aviation authorities and IATA, Boeing and Airbus are also active participants in the initiative.

The partners are to establish a regional body with the aim of facilitating and strengthening the conditions for commercial and continuous access to sustainable jet fuels. Part of the work is to identify the level of the sustainability aspects and other goals that may be expected to be achieved over the different pathways and timeframes in light of national legislation, EU Sustainability Criteria and internationally sustainability guidelines. Accelerating commercial access to sustainable jet fuel will lead to reduced emissions. The outcome is aimed primarily at airlines in the Nordic countries, and of course, other off-takers. This will greatly benefit society as a whole since the developments described also generate jobs and further advancements of new technology.

Coordination is essential with initiatives and activities set up by such industry organizations as the IATA and ATAG, UN bodies including ICAO, such EU initiatives as Flight Path 2020 and, of course, other initiatives on global, regional and national levels.

ity and social engagement a natural part of companies' daily work and to also encourage the reporting of these issues. Relations and cooperation with parties responsible for airports and air traffic control are of great importance. For many years, SAS has participated in adaptation and development programs with, for example, Swedavia (airport agency) and LFV (air navigation agency) in Sweden, Avinor (airport and air navigation agency) in Norway and in Denmark with CPH A/S (Copenhagen airports). Environmental impact is reduced as a result of logistical improvements at the airports and Scandinavian airspace.

Cooperation with central players in aviation, components, equipment and catering is essential in promoting sustainable development in all areas. Fuel consumption, sustainability criteria and environmental impact are key parameters in the decision-making process in preparations for placing orders or leasing new aircraft. This also applies to changes in service concepts, etc.

The media attention on aviation's negative environmental impact is a challenge for the entire airline industry. SAS has chosen to take a leading role in the debate as a feature of its efforts to link the brand with responsible management of both climate and social issues. Employee attitudes toward the company and its ability to meet their demands in terms of the work environment and other significant factors that affect commitment and loyalty are gauged continuously.

### Research and development (R&D)

SAS contributes in many ways to the emergence of a sustainable society. Among them are the commitment to and support of the development and dissemination of such green technologies as sustainable jet fuel and environmentally adapted flights. In the 2013/2014 fiscal year, SAS was involved in the Sustainable Aviation Fuel User Group whose goal is to accelerate the development, certification and commercial use of environmentally and socially sustainable aviation fuel. SAS also cooperates with the Scandinavian suppliers of air traffic control for the purpose of speeding up the development of more efficient use of air space. SAS engages in technology advances that benefit the entire industry. However, SAS does not conduct any proprietary research and development. SAS also plays a leading role internationally in drafting environment-related norms and standards for air transport. SAS is represented on a number of committees, projects and working groups related to the environment and corporate social responsibility, for example, IATA, ICAO, AEA, N-ALM and SESAR JU.

# SAS's social responsibility

For social responsibility, the following areas are prioritized in SAS's CSR agenda: labor practices & decent work, human rights, diversity & equality, product responsibility and social involvement.

## Labor practices & decent work

SAS is a large employer. The responsibility connected to labor practices and work conditions is very important. SAS has good cooperation with the union organizations associated with these issues.

## Cultural development

Development of social responsibility is largely built on the SAS corporate culture. SAS's strategic cultural work thus focuses on increasing employee engagement, and increasing understanding of the values that form the basis for how the business is run. The goal is to generate positive effects in the relationship with customers and to strengthen SAS's competitiveness.

## Organizational development

During the 2013/2014 fiscal year, work continued on implementing a centralized and more streamlined organization. Most of the changes were implemented in the 2012/2013 fiscal year, although according to plan, some changes were carried out in the 2013/2014 fiscal year. Approximately 1,000 positions will be centralized or made redundant in administration after all of the changes have been implemented. A decision was made in the 2013/2014 fiscal year to further reduce administration by 300 positions. The process of outsourcing SAS Ground Handling continued in the 2013/2014 fiscal year. The process is ongoing.

## Adjustment and redundancy

The process of centralizing and managing the redundancies connected with the organizational changes was handled through negotiations with labor unions in compliance with national laws and agreements.

## Cooperation with labor union organizations

Cooperation in day-to-day operations with labor unions is mainly carried out nationally, where dialog is conducted with the labor unions that have collective agreements with SAS. Cooperation takes place within the framework of national laws and agreements affecting the unit concerned.

SAS and different unions conducted activities during the fiscal year in order to lower costs and increase flexibility in existing union agreements.

Employee representatives from the Scandinavian countries sit on the SAS Group Board of Directors. The employees elect representatives from units in the Group's Scandinavian operations. Group Management is engaged in an ongoing discussion with union representatives, above all on issues concerning personnel and cost reductions, organizational structure and the need for a more customer-oriented culture.

## Contract negotiations and disputes

For the last few years, SAS has been working with the unions to reduce costs and increase flexibility within the existing employment model.

No organized labor conflicts or strikes occurred during the 2013/2014 fiscal year.

All legal disputes of material importance are reported in the statutory Report by the Board of Directors on page 24 of the SAS Annual Report with sustainability review, November 2013–October 2014.

## Leadership development

With regard to developing social responsibility, management is key in setting examples and interpreting and implementing SAS's strategies.

SAS continued to work with the leadership "role" model" with the watchwords of consistent, honest and reliable. Managers must be self-aware and mature, and know how personal qualities are to be used to achieve a trustful working relationship with personnel. During the fiscal year, leader seminars was conducted with all managers and Group Management worked with the "role model" and discussed activities for improving leadership, employee motivation and commitment.

In the 2014/2015 fiscal year, SAS will continue to develop the leadership "role model" and intensify its focus on leadership.

## Employee surveys

The PULS, SAS's annual employee survey, conducted during 2014 showed that job satisfaction at SAS increased to 58 from 57 last year. This result is not satisfactory. In the 2012/2013 fiscal year, SAS management initiated long-term activities to re-engage the organization. The activities include "Fixing the Everyday," comprising working with Lean, communicating a clear vision for the future, and first and foremost further improving leadership. These activities continued during the 2013/2014 fiscal year and will be continued in the 2014/2015 fiscal year. The survey generally indicates a strong long-term commitment since loyalty is high among employees in SAS.

## Human resource development

Human resources development is an important, ongoing activity throughout SAS. Flight crew and operational ground staff are covered by a number of license and competency requirements from EU-OPS and the IATA through the IOSA (IATA Operational Safety Audit). The mandatory training programs were carried out according to plan for different personnel groups regarding hazardous goods, passengers' rights, IT security and food safety, etc. SAS has approximately 640 managers at different levels in the organization. More than half of the managers are located in daily operations with direct customer contact, such as sales, airport services and onboard service. The managers' skills development is based and evaluated on SAS's role model for leadership. A systematic evaluation process is continuously performed for existing managers, and also to identify persons who may meet manager requirements in the slightly longer term. The aim is for all potential managers to have an individualized development plan. The "role model" that the manager process is based on reflects general personal attributes as well as SAS's business objectives. Evaluation focuses on the individual's performance, ability to change, leadership, potential and ambition.

During the 2013/2014 fiscal year SAS introduced an "employee model" that reflects the "leader model."

Training in the Code of Conduct and SAS's environmental efforts is continuous. During the year, approximately 1,650 of SAS's employees conducted e-learning in the Code of Conduct and approximately 980 conducted e-learning in SAS's environmental work. SAS's employees had access to more than 200 different online courses during the year.

## Courses and training

To retain and develop employee skills, extensive training programs are carried out each year. During the 2013/2014 fiscal year, Scandinavian Airlines' employees attended an estimated 565,000 hours of training, of which the major part pertained to obligatory training. A growing share of SAS's training takes place through online courses, or e-learning.



### SAS takes its social responsibility seriously

The civil aviation industry is moving toward new or re-shaped employment models to lower costs and increase flexibility. For the last few years, SAS has been working with the unions to reduce costs and increase flexibility within the existing employment model. Regardless of the employment model, it is crucial that the employer upholds its obligations regarding social responsibility toward society in general and its employees.

In the opinion of SAS, there is uncertainty concerning the rules governing where employees are based and where the work is carried out. SAS's position in this matter is clear. Society must clarify and create the prerequisites

for a level playing field within the industry whereby employees are employed under local terms, where they are based and where their work is carried out. When based in Scandinavia, employees should be covered by Scandinavian employment terms, work legislation and tax regimes.

SAS has during the fiscal year had a dialog with different stakeholders in order to clarify the prerequisites for these important social issues within EU and Scandinavia. These efforts have received considerable attention in several political circles but not yet resulted in any concrete initiatives. SAS's commitment to this work continues.

E-learning cannot always replace classroom instruction, but thanks to its greater flexibility and availability, more courses can be offered at a lower cost.

## Work environment

### Sick leave

SAS's goal is that the work environment should be as healthy as possible and that sick leave and the number of injuries should be continuously reduced.

During the 2013/2014 fiscal year, total sick leave in SAS (excl. Blue1) decreased to 7.8% (8.0%) and in Blue1 to 5.4% (5.6%). Long-term sick leave, 15 days or more, accounted for 4.9% of the total sick leave in SAS (excl. Blue1) and 2.3% in Blue1.

During the 2013/2014 fiscal year, sick leave among some employee groups increased. This was the case for cabin crew in Sweden and pilots, and although sick leave declined during the year it remained at a high level for cabin crew in Norway. Analysis carried out during the year revealed that there was no single explanation for the negative trend and level of sick leave. The fact that sick leave differed substantially between identical employee groups underlines this point. There are many different explanations for this and, accordingly, SAS management conducted a number of activities during the 2013/2014 fiscal year in a bid to address sick leave. Examples are improved follow-up and support for employees during sick leave.

### Occupational injuries

The number of occupational injuries in SAS was 270 (280) during the fiscal year. The highest occupational injury frequency was seen in SGH in Denmark. The extent of the occupational injuries means that SAS will continue to prioritize preventive efforts, particularly in the areas where the greatest challenges are present.

Apart from sick leave and occupational injuries, each administrative unit works actively to ensure a well-functioning work environment.

These efforts takes place in collaboration with safety representatives, supervisors and labor-management joint safety committees that cover all employees in each country.

### Company health services

The company health services or health, safety and environment (HSE) function that supports the whole organization offers services through in-house or outsourced resources with therapists, stress and rehabilitation experts, ergonomics and engineers.

The function also offers special services, including aviation medicine, stress management, follow-up of sick leave, health profiles, ergonomics and advice in handling chemicals.

Investments are made in large parts of the organization in different forms of health-promoting activities both in the workplace and during leisure time.

### Human Rights

SAS is a large buyer of products and services and has a responsibility to ensure that human right issues are addressed in a correct manner. SAS includes sustainability related issues in its purchasing policy and all applicable contracts.

### Diversity and equality

SAS's diversity policy is based on equal treatment of all employees and job applicants. Work on equal treatment includes promoting diversity

and equality in all its forms. Union membership is high at SAS in the Nordic region and labor organizations hold a strong position. Collective agreements define working hours, pay and other terms of employment in great detail. With the same conditions for the same tasks, there is also complete equality between men and women in these issues.

In general, SAS is dominated by women in such professions as cabin crew, administrators, assistants and passenger service at the airports, while men dominate in the areas of pilots, technicians, aircraft maintenance, loading and unloading of baggage. Women also have more part-time positions than men. Of the Scandinavian Airlines pilots, 95% are men, while the recruitment base for female pilots is small since few choose the profession.

When it comes to cabin crew, 82% are women. Senior management in the Group is dominated by men. SAS Group Management currently consists of one woman and seven men. The figure for the management level directly reporting to Group Management is 24% women.

SAS has set the target of gender distribution to be the same as the gender distribution in the company as a whole (but no less than 40%) across the Group's internal boards by 2020. 20% of the SAS internal board in SAS Cargo Group in Denmark is women.

Each year, equal treatment plans are drawn up in Sweden based on analysis and surveys of a number of factors, ranging from sick leave to bullying and harassment. A reference group representing the parties provides support.

### Product Responsibility

SAS takes its responsibility in maintaining the highest standards regarding product responsibility. As an airline, the organization is highly regulated from a flight safety and security standpoint. SAS is regularly audited, reviewed both by external parties, partners and customers.

Work conditions regarding working hours for airline personnel are also regulated by relevant authorities. SAS also has strict policies and follows applicable legislation regarding, food safety, IT security, etc.

### Punctuality and Regularity

One important aspect of SAS's product responsibility is the ability to deliver passenger transport that is both conducted as planned and on time. SAS has an extensive continuously ongoing work in order to monitor and address different aspects of punctuality and regularity. This work has resulted in a number of top positions in the monthly external reporting regarding arrival punctuality from FlightStats (Global Airlines, Major Airlines by Region).

### Social involvement

#### Preparedness for Air Ambulance operations

SAS has an agreement on a commercial basis with the Swedish government to make two specially equipped Boeing 737s available as air ambulances within the framework of the Swedish National Air Medevac (SNAM) in case of emergency. A corresponding agreement exists with the Norwegian Armed Forces according to which SAS is to make a remodeled ambulance service 737-700 available for medical evacuation within 24 hours, following the same principle as with SNAM. If needed, a second aircraft must be made available within 48 hours.

SAS's personnel participated in a number of fundraisers for Save the Children. All parts of SAS have had varying degrees of contact with schools and universities and participated in a dialog about air travel and its environmental impact.

### **Christmas flight**

In December 2013, SAS supported the Norwegian “Christmas flight.” The Christmas flight is an aid campaign carried out by SAS employees, who cooperate with other volunteers throughout the year to collect goods and contributions from various partner companies and private individuals. SAS provides an aircraft with full operational support, pilots and crew volunteer in their free time and the fuel is sponsored by a fuel supplier. This flight was also conducted in December 2014 with SAS support.

### **Metrology data provider**

Every day SAS supplies over 5000 weather observations to different meteorological offices to provide society with updated and relevant meteorological forecasts. SAS also benefits from these observations since it can use the data to plan flight more efficient.

### **Financial aspects of social responsibility**

SAS's first social responsibility is to its own employees and the communities dependent on and affected by SAS's operations. For employees, this includes issues concerning human resources development, pay and work environment. In addition, SAS is to contribute to social progress wherever it operates and be a respected corporate citizen. Air travel helps improve labor market conditions in rural areas in the Scan-

dinavian countries and makes business travel easier in Europe and to other continents.

Given increasing globalization, airlines facilitate business and other contact opportunities where efficient transportation to, from and within the countries is more or less a prerequisite for economic development and progress. The airlines also contribute expertise and transfers of technology and make necessary investments in infrastructure.

### **SAS's contribution to the economy**

SAS creates employment and value. In the 2013/2014 fiscal year, SAS paid wages and salaries totaling MSEK 7,366, of which social security expenses were MSEK 1,410 and pensions MSEK 33. SAS endeavors to achieve market pay for all employee groups.

### **Costs of sick leave and accidents**

Sick leave and occupational injuries constitute a large expense for the individual employee and the employer, as well as for society as a whole.

Sick leave is affected by a number of factors such as risk of infection and accidents as well as physically and mentally stressful working environments.

SAS's companies employ various methods to prevent short and long-term sick leave. SAS's own calculation of costs for sick leave indicates a cost exceeding MSEK 245 for the 2013/2014 fiscal year.

# Key social figures

## SAS's work environment and sick leave KPIs

### SAS' flight operations (excl. Blue1 flight operations)

	DK	NO	SE
No. of employees October 2014 (head count)	1,894	1,765	1,513
of whom women, %	51.5	56.7	52.9
<b>Total sick leave, %</b>	<b>9.3</b>	<b>11.0</b>	<b>12.2</b>
Long-term sick leave (more than 14 days), %	5.0	7.0	8.3
Total number of occupational injuries with one day's sick leave or more	40	11	13
<b>Occupational injury frequency lost time-to-injury rate (H-value)</b>	<b>17</b>	<b>5</b>	<b>6</b>

### SAS Maintenance Production

	DK	NO	SE
No. of employees October 2014 (head count)	471	407	488
of whom women, %	3.0	4.4	5.5
<b>Total sick leave, %</b>	<b>3.3</b>	<b>5.7</b>	<b>3.9</b>
Long-term sick leave (more than 14 days), %	1.2	3.6	2.5
Total number of occupational injuries with one day's sick leave or more	15	1	1
<b>Occupational injury frequency lost time-to-injury rate (H-value)</b>	<b>19</b>	<b>1</b>	<b>1</b>

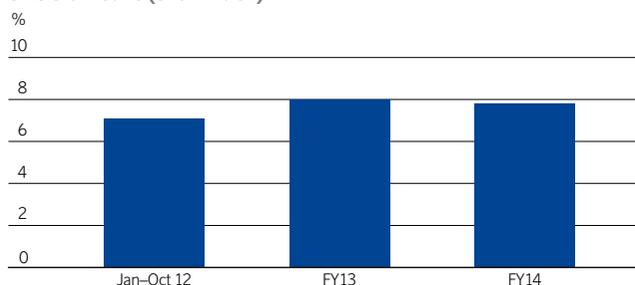
### SAS Ground Handling

	DK	NO	SE
No. of employees October 2014 (head count)	2,254	2,964	1,804
of whom women, %	30.0	31.9	33.7
<b>Total sick leave, %</b>	<b>5.3</b>	<b>9.7</b>	<b>8.0</b>
Long-term sick leave (more than 14 days), %	3.1	7.2	4.5
Total number of occupational injuries with one day's sick leave or more	102	46	35
<b>Occupational injury frequency lost time-to-injury rate (H-value)</b>	<b>28</b>	<b>12</b>	<b>12</b>

### SAS

	SAS DK	SAS NO	SAS SE	SAS Total (excl. Blue1)	Blue1
No. of employees October 2014 (head count)	4,834	5,265	4,448	14,547	347
of whom women, %	36.5	38.5	40.4	38.4	47.0
<b>Total sick leave, %</b>	<b>6.3</b>	<b>9.5</b>	<b>7.7</b>	<b>7.8</b>	<b>5.4</b>
Long-term sick leave (more than 14 days), %	3.4	6.6	4.8	4.9	2.3
Total number of occupational injuries with one day's sick leave or more	157	58	49	264	6
<b>Occupational injury frequency lost time-to-injury rate (H-value)</b>	<b>22</b>	<b>8</b>	<b>7</b>	<b>12</b>	<b>13</b>

### SAS sick leave (excl. Blue1)



### SAS Commercial and Sales & Marketing

	DK	NO	SE
No. of employees October 2014 (head count)	43	56	392
of whom women, %	62.8	58.9	62.0
<b>Total sick leave, %</b>	<b>2.5</b>	<b>3.6</b>	<b>2.9</b>
Long-term sick leave (more than 14 days), %	1.0	2.7	1.9
Total number of occupational injuries with one day's sick leave or more	0	0	0
<b>Occupational injury frequency lost time-to-injury rate (H-value)</b>	<b>0</b>	<b>0</b>	<b>0</b>

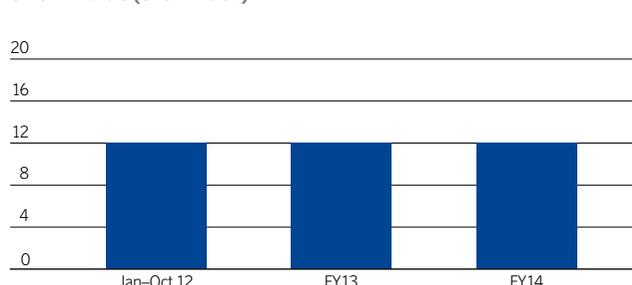
### SAS Administrative functions and others

	DK	NO	SE
No. of employees October 2014 (head count)	172	73	251
of whom women, %	42.4	42.5	47.4
<b>Total sick leave, %</b>	<b>1.6</b>	<b>4.7</b>	<b>3.1</b>
Long-term sick leave (more than 14 days), %	0.9	3.6	2.2
Total number of occupational injuries with one day's sick leave or more	0	0	0
<b>Occupational injury frequency lost time-to-injury rate (H-value)</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Blue1 (the whole organization)

	FI
No. of employees October 2014 (head count)	347
of whom women, %	47.0
<b>Total sick leave, %</b>	<b>5.4</b>
Long-term sick leave (more than 14 days), %	2.3
Total number of occupational injuries with one day's sick leave or more	6
<b>Occupational injury frequency lost time-to-injury rate (H-value)</b>	<b>13</b>

### SAS H-value (excl. Blue1)



# SAS's environmental responsibility

The following areas are prioritized under environmental responsibility in SAS's CSR agenda: comply with relevant legislation and ensure minimal total long and short-term emissions and other environmental impact.

## "Polluter pays" principle

SAS fully endorses the "polluter pays" principle and is prepared to take responsibility for its share. This assumes that any charges imposed on the company are based on scientific findings and that the total climate impact of competing modes of transport is taken into consideration.

## CO<sub>2</sub> vs. nitrogen oxides

To date, the climate impact of air transport has focused on CO<sub>2</sub> emissions. However, the focus is shifting to also include other climate effects, primarily nitrogen oxides and water vapor. SAS and the airline industry recommend the ECAC's model of differentiated landing fees based on nitrogen oxide emissions.

## Biodiversity

Biological diversity is affected by airline operations in different ways. Air travel in itself affects biological diversity to a limited extent through emissions, primarily of nitrogen oxides. Other aspects include facilities and the use of airports, which can affect water, flora, fauna and nearby residents depending on geographic location and by utilizing large areas. Airlines purchase services from airports with private or public investors.

## Environmental compliance and permits

Airline operations have no separate licenses or environmental permits for operation; instead, they are subject to environmental policies set by each airport. These usually involve noise, rules for using de-icing fluids and limits on emissions to air, soil and water. Environmental approvals are also part of the process to certify aircraft in the three Scandinavian countries, and included in the terms of technical aircraft maintenance. In all three Scandinavian countries, SAS participates in voluntary cooperation with various players at the airports in several areas, such as working on local emissions of particles, measurement of electricity consumption in buildings and the reduction of emissions from aircraft and ground vehicles. This cooperation also includes compliance with individual legal requirements. Discussions with airport operators in the Scandinavian countries indicate that the demands on, for example, emissions related to vehicles and equipment will be intensified.

In general, there is a trend toward introducing tougher restrictions for permitted approach and take-off paths. Deviations generally result in fines for the airline. Also, the general trend is toward greater use of environment-related surcharge systems and operational limits.

The twofold purpose is to reduce local environmental impact and create incentives for airlines to use aircraft with the best available technology from an environmental perspective.

During the 2013/2014 fiscal year, Scandinavian Airlines received five (nine) reports of noise violations at airports.

SAS Oil is a jet fuel distribution company for SAS at Copenhagen, Oslo and Stockholm airports. Through SAS Oil, SAS is a minority owner of a number of smaller companies that deliver jet fuel. SAS has ensured that these companies have the necessary permits, contingency plans and insurance. No severe incidents breaching any environmental permits were reported in the 2013/2014 fiscal year.

Airline operations have a legal dispensation for the use of halogen and submit annual reports to the authorities on consumption, including

leakage and storage. The reason for the dispensation is that there is no certified alternative to halon for extinguishing fires in aircraft engines, cabins and aircraft toilets.

Scandinavian Airlines estimates that around one kilogram (27) of halons were emitted during the 2013/2014 fiscal year.

Read more about environmental compliance and permits in the Report by the Board of Directors on pages 19–25 of the SAS Annual Report with sustainability review, November 2013–October 2014.

Every new construction or other change in ground use requires authorization from local authorities. Biological diversity is normally an approval criterion. Biodiversity, airport concessions and other environmental aspects regarding airport operations are reported in each airport's own sustainability reports.

## SAS Environmental Program

The method SAS uses to achieve its environmental goals is to operationalize its strategies through activities conducted in environmental programs within the environmental management system certified according to ISO 14001. Throughout the year, numerous activities were conducted in a wide range of areas.

Since emissions related to consumption of jet fuels are the most material environmental aspect the activities are focused on the goal of reducing flight emissions by 20% by 2015 compared with 2005. The prerequisites for all activities are that they are well within the limits of applicable legal requirements, flight safety limits, etc.

SAS has defined environmental programs within the following areas:

- Fleet renewal
- More efficient planning of SAS aircraft
- More efficient usage of SAS aircraft in day-to-day operations
- Continuous aerodynamic, weight and efficiency follow up and modification of SAS aircraft
- Environmentally adapted products
- Alternative sustainable jet fuels
- Stakeholder dialog/work with ATM & airports and aircraft & engine Manufacturers
- Single European Sky

## Fleet renewal

SAS's strategy is to replace older aircraft with newer ones. During the fiscal year, SAS introduced six newer aircraft, with two replacing the last previous generation Boeing 737 Classics that were retired at the beginning of the fiscal year.

After a full 12 months period of operation without the MD-80s retired in the 2013/2014 fiscal year, the results are clear. The average emission per passenger kilometer on flights between Copenhagen and London (and vice versa) has been reduced by more than 20% with an A320 in 2014, compared with the same route with a MD-80 in 2013. The calculated noise area, 85 dB area in km<sup>2</sup> per departure, has also been reduced by approximately 55%.

During the year, SAS used a number of wet lease operators for flights with SK flight numbers. One of these suppliers uses brand new ATR72-600, which is the latest development in the turbo prop segment with 70 seats in the SAS configuration.

SAS plans to introduce three newer Boeing 737s and an A330E during the 2014/2015 fiscal year.

The A330E is a part of the order of eight A350s and four A330Es placed during 2013 with delivery in 2015–2021. The A330E is margin-

ally more fuel efficient than today's A330 but it has an increased range, meaning that it can operate on routes currently served by the A340 at approximately 20% less fuel consumption per seat. When the A350 is introduced, it will be possible to reduce fuel consumption by approximately 35% per seat and generate 50% less noise compared with an A340.

By 2016, SAS also plans to introduce the Airbus A320neo that will have 15% lower fuel consumption and generate 50% less noise than the existing Airbus A320s.

### More efficient planning of SAS aircraft

SAS currently operates aircraft of varying sizes and performance. SAS's own fleet ranges from 88 to 264 seats, capable of flying routes for which the aircraft is airborne for between 20 minutes and more than 11 hours. The aim is to create conditions for flying as profitably and energy-efficiently as possible depending on demand, time of day and destination.

One example is to use aircraft of the appropriate size. For example, SAS has Boeing 737NGs and A320-family aircraft. They have 120, 141 and 183, and 141, 168 and 198 seats, respectively. This provides extensive flexibility according to demand, which guarantees the lowest possible total emissions at any given time. Flying aircraft that are too large generates unnecessary emissions even if it generates a better theoretical result per available seat kilometer. If we look at a Boeing 737NG on a typical domestic route, it is evident that the fuel consumption and corresponding emissions are lower in a smaller aircraft. When using a B737-800 with 183 seats, the total fuel consumption (on average) is approximately 7–10% higher than a B737-700 with 141 seats. SAS also uses wet lease operations from external suppliers to fly short-haul routes with demand at about 50 to 75 seats. The same comparison, as above, can be made between a Boeing 737-700 with 141 seats and a turboprop such as an ATR 72-600 with 70 seats for which fuel consumption is an average of more than 50% lower. It must be noted that jet and turboprop aircraft have different characteristics, such as seating capacity, speed and range, but it is nevertheless important to have access to and the ability to plan each flight with the right type of aircraft.

### More efficient usage of SAS aircraft in day-to-day operations

SAS has an extensive long-term fuel saving program integrated in its operations. An important aspect of increasing the fuel efficiency is to make sure that all employees in SAS's airline operations have the prerequisites and knowledge to be fuel-efficient. This entails involvement of all employee groups affecting the fuel consumption. Key functions are Flight, Ground- and Technical Operations.

Work is continuously ongoing with a large number of activities that focus primarily on established operational conditions, such as procedures and how they are implemented, and whether the available system support is sufficiently optimized for higher fuel efficiency. Naturally, all changes maintain a standard that meets the highest level of flight safety requirements. During the 2013/2014 fiscal year, fuel efficiency improved by 0.1% compared with the 2012/2013 fiscal year.

### Continuous aerodynamic, weight and efficiency follow-up and modification of SAS aircraft

SAS modifies its aircraft continuously in order to modernize to better technology, improve aerodynamics or reduce weight. Examples of improved aerodynamics include the installation of winglets on Boe-

ing 737NGs or Sharklets on Airbus A320s. This can potentially reduce the fuel consumption by 1–5% depending on the stage length for certain airlines. SAS has installed winglets on a number of Boeing 737NGs where it is profitable from a sustainability perspective.

Examples of weight reduction include the replacement of the brakes on Boeing 737-800s with lighter versions in composite material or installing lightweight seats in a number of Boeing 737NGs and Airbus A320s. When older seats are replaced, approximately two kilos per seat are saved, amounting to 360 kilograms saved on a B737-800. These modifications will continue in the 2014/2015 fiscal year. Apart from modifying the aircraft, work is also constantly performed to reduce the weight of all material and products included in SAS's service offering. Examples include optimizing the amount of water filled for toilet use, replacing carts with lighter versions, replacing glass bottles with a plastic alternative, optimizing the amount of products served and used based on analysis of actual demand.

An example of better technology is the ongoing engine upgrade program under the framework of the ordinary technical maintenance of most of the Boeing 737NG fleet. In practice, this entails that the engines are upgraded to the latest version ("Tech Inserts" or "Evolution").

More than half of the fleet's engines on the Boeing 737, which were delivered prior to 2006, have now been upgraded and are thus about 3% more fuel efficient than originally delivered. Aircraft delivered after 2007 already have "Tech Inserts" and aircraft delivered after the summer of 2011 have "Evolution."

### Environmentally adapted products

SAS strives to develop its customer offering in a more environmentally adapted direction. This includes everything from locally produced and/or organic food to less material and ultimately, less waste needing to be sorted wherever customers encounter SAS during the ground process, in the lounge or onboard SAS aircraft.

As of today, SAS offers organic breakfast on its flights and a number of organic items at its lounges. In connection with the development toward more electronic-based communication, less paper is being used and the use of "green IT" is increasing. Sorting and waste disposal from service and products on board is a focus area, but at the same time, represents a challenge. The challenge lies in the fact that there is limited space on board. There is also a restriction in disposing of meal service waste at airports because different national legislation is involved, making solutions complicated and, in some instances, impossible. In some cases, we are forced to fly waste back to Scandinavia (for example, from the US).

Despite this, waste is an area in which efforts are being made to find the best possible solutions. For example, newspapers and aluminum cans from most domestic flights are recycled.

### Alternative sustainable jet fuels

SAS has been working for many years with various activities designed to accelerate the development of alternative and sustainable jet fuels. In the 2013/2014 fiscal year, SAS continued to conduct concrete discussions with a range of prospective stakeholders in connection with the production of alternative and sustainable jet fuels in Scandinavia. The Nordic Initiative for Sustainable Aviation (NISA), where SAS took the initiative, was launched at the start of the fiscal year. SAS has clearly indicated to existing and prospective producers of jet fuels that there is demand for alternative jet fuels if the price is competitive and sustainability criteria are in place.

It is vital for SAS that the production of alternative sustainable jet fuels does not compete with food production or access to drinking water and that it has minimal impact on biodiversity.

### Stakeholder dialog/work with ATM and airports, and aircraft and engine manufacturers

Since the early 2000s, SAS has been working with the parties responsible for air traffic control and airports in Sweden, Norway and Denmark in an effort to identify more efficient methods for controlling air traffic in the airspace and on the ground in these countries.

One example is the Continuous Descent Approach from Top of Descent that has become standard during low and medium-peak traffic at an increasing number of airports. The Continuous Descent Approach from Top of Descent entails that air traffic control allows the aircraft to approach in a continuous gliding descent without using unnecessary engine power. This is common at small airports where there is no other air traffic close by, but still uncommon at large airports where other air traffic must be handled in parallel. This development derived from the demonstrations conducted in the early 2000s and the feasible changes have been implemented in everyday operations at Swedish airports.

In recent years, SAS has been heavily involved in the establishment of more advanced solutions using satellite-based Required Navigation Performance (RNP AR) rather than the traditional ground-based ILS.

Examples are the published and available S-curved approaches on runway 19R and the shortened curved approach to runway 26 at Stockholm Arlanda. The potential benefits are reduced emissions due to shorter flying distances, and minimizing noise exposure in sensitive areas close to the airport.

SAS is currently involved in a number of activities in Scandinavia that aim to demonstrate short-term potential environmental improvements within the framework of existing systems and methods.

Throughout SAS's continuous environmental work, SAS maintains dialogs and discussions with relevant aircraft and engine manufacturers, as well as producers of interiors and other installations in the aircraft. Naturally, this is also the case in the decision-making process for which new aircraft to acquire for short and long-haul operations. The sustainability criteria are very important aspects for SAS's choice of suppliers.

### Single European Sky

SESAR (Single European Sky Air Traffic Management Research) is an EU initiative aimed at advancing tomorrow's airspace and the air traffic management system in Europe. SAS is involved in SESAR and participates in efforts to enhance efficiency, capacity and safety, and to reduce the environmental impact of flights.

The long-term objectives for SESAR are:

- threefold increase in capacity.
- A tenfold increase in safety levels.
- A 10% reduction in carbon emissions.
- Half the air traffic control costs.

By 2020, this will lead to:

- Flight times that are 8–14 minutes shorter.
- A reduction in fuel consumption of between 300 and 500 kilograms per flight.
- A reduction in CO<sub>2</sub> emissions of between 948 and 1,575 kilograms on average, per flight, compared with 2010.



### Renewable energy in the wings

In November 2014, SAS conducted two flights with a blend-in of alternative and sustainable jet fuel. The first flight was conducted between Stockholm Arlanda and Östersund in Sweden with a 10% blend-in of an alternative and sustainable jet fuel based on re-used vegetable oils. This was the first flight of its kind from Stockholm Arlanda.

A week later a flight from Tromsø to Oslo Gardermoen was conducted with a 50% blend-in of the same type of fuel. The flight was first of its kind in Norway and will be followed by many more since SAS also intends to buy a certain amount of alternative and sustainable jet fuel with delivery at Oslo Gardermoen from March 2015.

## Follow-up of SAS's most significant environmental aspects and environmental goals

SAS's most significant environmental aspects derive from emissions from using fossil jet fuel and noise from aircraft, while on-ground emissions derive from diesel and gasoline consumption, energy use in facilities, fuel and glycol spillages and waste.

### Emissions from using fossil jet fuel

*Includes all flights flown with SK flight numbers.*

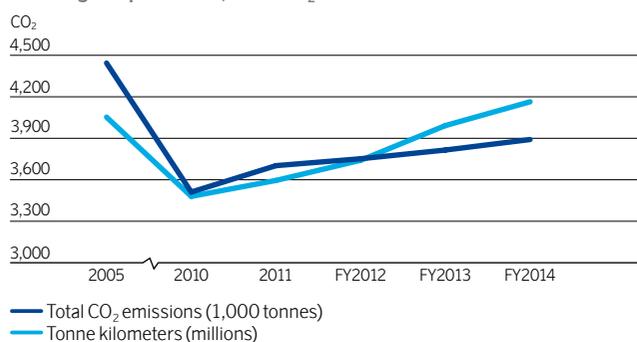
SAS flight operations used 1,235,000 tonnes of jet fuel in the 2013/2014 fiscal year. This corresponds to 3,890,000 tonnes of carbon dioxide and with the aircraft used 16,400 tonnes of nitrogen oxide emissions. Compared with the previous 12 months period, this represents an increase of 75,500 tonnes of carbon dioxide and 282 tonnes of nitrogen oxide. Relative to traffic growth, carbon emissions per passenger kilometer declined by 3.4%.

During the period, SAS's fuel efficiency improved and the relative CO<sub>2</sub> emission fell to 100 grams (104) per passenger kilometer. The positive trend was primarily due to fleet renewal, improved load factor and progress in the fuel efficiency activities. In the 2013/2014 fiscal year, only occasional fuel leaks were reported when refueling aircraft on SK flight numbers. These were handled in accordance with established procedures. No fuel dumps were reported during the fiscal year.

**SAS's goal is to reduce flight emissions by 20% in the 2014/2015 fiscal year compared with 2005. At the end of the 2013/2014 fiscal year, we achieved a 19.1% reduction in CO<sub>2</sub> emissions per passenger kilometer compared with the full-year 2005. At the same date, total CO<sub>2</sub> emissions were reduced by 12.5%.**

The work on the Environmental Program described on pages 19–21 will continue in the 2014/2015 fiscal year. Activities will include fleet renewal and fuel-savings measures that will positively contribute to realizing the goal for the 2014/2015 fiscal year.

### SAS Flight Operations, total CO<sub>2</sub> emissions

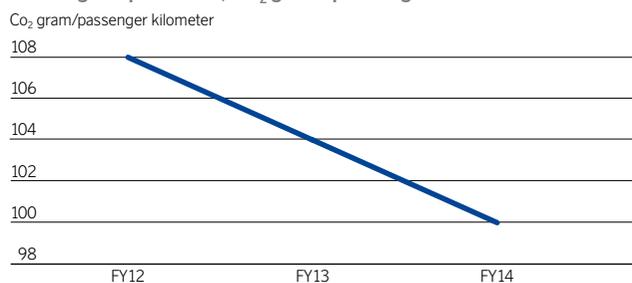


2005 source: 2007 Annual and Sustainability Report

CO <sub>2</sub> emissions from SAS's flight operations, 2013/2014 fiscal year	1,000 tonnes CO <sub>2</sub>
<b>Denmark</b>	
Domestic flights	34
Flights to EU/EEA	411
Flight to outside EU/EEA	519
<b>Norway</b>	
Domestic flights	480
Flights to EU/EEA	319
Flight to outside EU/EEA	62
<b>Sweden</b>	
Domestic flights	229
Flights to EU/EEA	303
Flight to outside EU/EEA	133
<b>Finland</b>	
Domestic flights	1
Flights to EU/EEA	52
Flight to outside EU/EEA	0,4
<b>EU/EEA</b>	
Departing EU/EEA <sup>1</sup> for Scandinavia and Finland	667
Flights within EU/EEA <sup>1</sup>	1
Departing EU/EEA <sup>1</sup> for outside EU/EEA	1
<b>Outside EU/EEA</b>	
Departing from outside EU/EEA bound for Scandinavia/Finland	675
Departing from outside EU/EEA bound for EU/EEA <sup>1</sup> or outside EU/EEA	1
<b>Total</b>	<b>3,890</b>

1) Excluding Denmark, Sweden, Norway and Finland that are reported separately.

### SAS Flight Operations, CO<sub>2</sub> gram/passenger kilometer<sup>1</sup>



1) New calculation method as of November 2011.

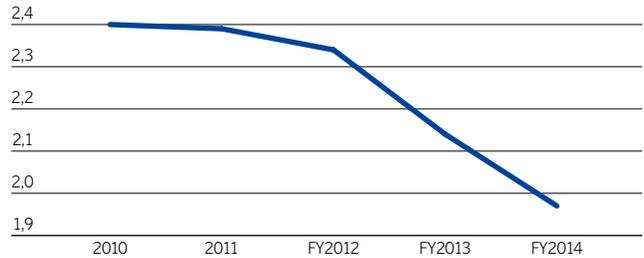
### Aircraft noise

*Includes all flights flown with SK flight numbers.*

The average noise per departure declined due to fleet renewal. Scandinavian Airlines received five (nine) reports of noise violations during the 2013/2014 fiscal year. The number of breaches has declined considerably in recent years as a result of fleet renewal and structured improvement activities, such as specific flight simulator training including scenarios flying to and from airports with strict noise regulations.

**SAS's goal is to reduce noise on take-off by 15% in the 2014/2015 fiscal year compared with 2010. By introducing newer aircraft, the noise area exposed to 85 dB on take-off was reduced by 18.0% in the 2013/2014 fiscal year compared with full-year 2010.**

Average aircraft Noise, 85 dB area in km<sup>2</sup> per departure



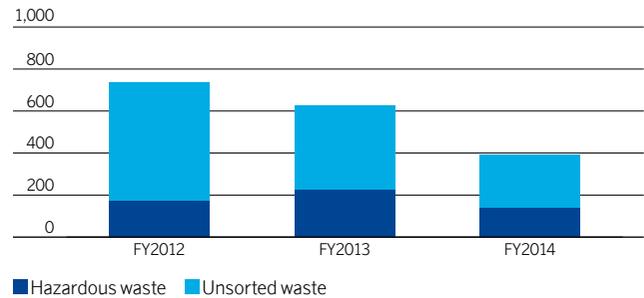
### Waste

*All waste where data is available. Mostly own produced waste from ground facilities, including technical maintenance.*

Waste is divided into unsorted waste and hazardous waste. Hazardous waste is strictly controlled by national authorities and is internally controlled and evaluated by both airlines and suppliers. Data on Scandinavian Airlines, SGH, SCG and SAS Maintenance Production's total waste quantities derives from a common data base with COOR. No significant emissions or spillages were reported in conjunction with technical maintenance.

SAS has no overall goal on this aspect. The aspect is monitored, registered and followed up in order to detect undesirable or unexplainable trends.

Total waste in tonnes

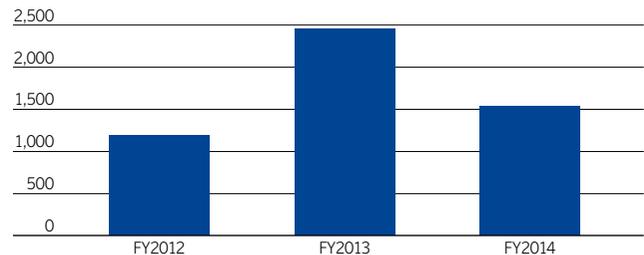


### De-icing fluid

*All de-icing fluids used by SGH directly on aircraft flown with SK flight numbers and on SGH's external customers' aircraft in Scandinavia.*

De-icing is unavoidable from a safety perspective. Glycol is used for pre-takeoff de-icing of aircraft. Consumption of glycol depends on the size of the airline, both in number of flights and size of the aircraft. The mix of glycol/water depends on the aircraft type, weather conditions, humidity, flight time, route/destination, etc. It is thus impossible to set a reduction target for glycol consumption. Nonetheless, usage is followed up to identify any undesirable deviations. Even if the amount of glycol has been reduced over the years, the amounts depend on weather demands and can be considerable. Some spillage or leakage of glycol may occur in exceptional circumstances. On these occasions, there are specific measures to restrict or completely eliminate environmental impact. The remaining glycol is handled according to local regulations and/or reused, so that none or only a low amount is emitted to water. In the 2013/2014 fiscal year, SGH reported zero glycol spills from de-icing trucks or deposits.

Glycol<sup>1</sup> use in m<sup>3</sup>



1) Only main bases; Arlanda, Gardermoen and Copenhagen.

### Fuel used on the ground

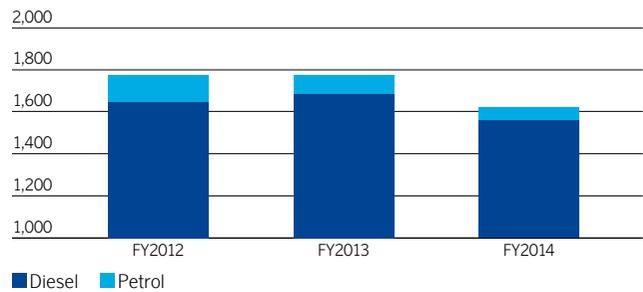
Ground fuel used by SGH and SAS Maintenance Production.

SAS focuses on reducing ground fuel through LEAN activities and replacement of ground vehicles and equipment with more efficient alternatives to reduce environmental impact and enhance the work environment.

**SAS's goal is to reduce ground-vehicle consumption of fossil fuels by 10% at SAS's major airports in Scandinavia by the 2014/2015 fiscal year compared with 2010. Fuel consumption was reduced by 35% in the 2013/2014 fiscal year compared with full-year 2010.**

Diesel consumption has been reduced significantly per departure in recent years.

Ground fuel in 000s liters<sup>1</sup>



1) Only main bases; Arlanda, Gardermoen and Copenhagen

### Energy

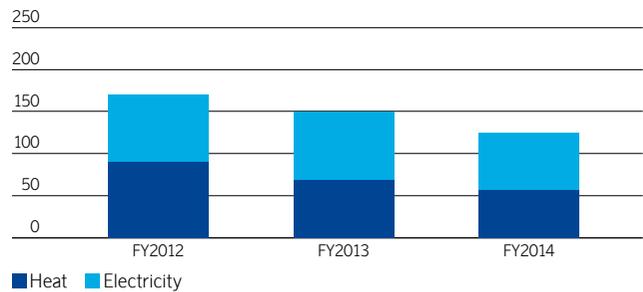
Ground energy used in all owned or leased buildings used by SAS.

The work with increase energy efficiency continued in the 2013/2014 fiscal year for all owned or leased buildings.

**SAS's goal is to reduce total ground-related energy consumption by 15% in the 2014/2015 fiscal year compared with 2010. Energy consumption was reduced by 37.1% in the 2013/2014 fiscal year compared with full-year 2010.**

In general, energy consumption is decreasing due to a lower number of buildings used and a focus on increased energy efficiency.

Energy in GWh



### Chemicals

SAS Maintenance Production is the largest user of chemicals in SAS. The chemical products are required by the aircraft manufacturers and authorities and cannot be replaced by SAS alone. The list of products is long, with many kinds of cleaners, paint, grease, oils, and glues for different commodities such as rubber, textiles and metal. Maintenance Production generate SAS's highest share of hazardous waste. The use of these products sometimes results in waste and emissions to air and these are handled by approved waste-management providers.

There are many devices in the hangars and documented activities in order to minimize the impact on the environment. These include active contact with the aircraft manufacturer to obtain approval for the substitution of certain products to more environmentally friendly products with less solvent and fewer toxic ingredients. Wastewater and air emissions along with the handling of hazardous waste are strictly controlled by national pollution control authorities and require regular reporting and auditing. Wastewater is handled according to local regulations and in most cases, wastewater is treated in closed drainage and in-house

treatment plants locally. There is an in-house treatment plant at SAS's home bases and there are contracts made with qualified companies to collect and safely deliver the hazardous waste.

The aims of chemical purchasing activities include reduction in storage and the number of suppliers, as well as reducing environmentally hazardous waste. This work has resulted in optimized inventories and less storage and transportation involved in deliveries from suppliers.

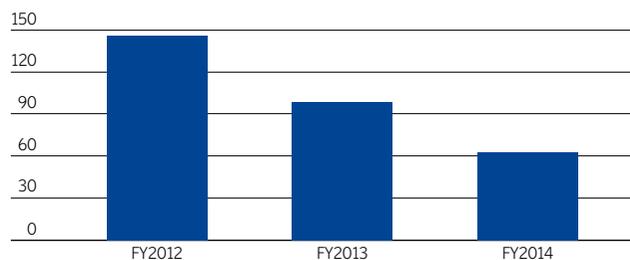
The number of products purchased has dropped by one third in total and SAS Maintenance Production's own purchases have fallen by more than 90% since 2010. SAS has a Chemical Review Board tasked with following up and ensuring compliance with the environmental legislation in the Scandinavian Countries and EU. Examples of other tasks include establishing processes to follow the applicable specifications for use on aircraft, ensuring reviews of environment aspects, ensuring that hazardous products are replaced by less hazardous ones wherever possible, ensuring that the number of different products is kept as low as possible and establishing processes for which waste, spills and emissions are reduced as far as possible.

## Water

Data for SAS's total water quantities derives from a shared data base with SAS's facility management supplier, COOR.

SAS has no overall goal on this aspect. The aspect is monitored, registered and followed up in order to detect undesirable or unexplainable trends. However, SAS's water consumption did decline by 57% in the 2013/2014 fiscal year compared with 2010. The reduction is due to improved processes and less maintenance work conducted at SAS Maintenance Production .

Water in 1,000 m<sup>3</sup>



## Emissions calculation and carbon offset

The SAS emissions calculator, which is available on the SAS website, has been approved by a third-party review. The calculator provides information about all SAS flights, with greenhouse gas emissions presented separately. Most calculators on the market calculate the emissions based on average fleet performance and a CO<sub>2</sub>-equivalent based on different greenhouse gas emissions. SAS has chosen not to do so because there is no consensus on how to calculate NO<sub>x</sub>, particles and water vapor emissions to CO<sub>2</sub> among scientists and experts. SAS offers the the option of offsetting carbon emissions from a specific flight in connection with the emissions calculator. The demand for this service is low and less than 1% of the customers who book travel via SAS's websites use this option. The offer is also available for SAS Corporate Customers and SAS offsets its own business travel.

## Financial aspects of environmental responsibility

SAS's environmental work has several overriding purposes. Besides enhancing resource efficiency and improving environmental performance, it includes ensuring that the operations comply with environmental laws and regulations. Some of the most important financial aspects of SAS's environmental work are described below.

### Infrastructure charges and security costs

Air transport pays the costs for the infrastructure it needs and uses to conduct flights, meaning airports and air traffic control. During the 2013/2014 fiscal year, these costs totaled MSEK 7,763 for Scandinavian Airlines. Correspondingly, Scandinavian Airlines also pays MSEK 1,197 in security costs, which for most other modes of transportation are financed by taxes.

### Environment-related costs

SAS's external environment-related costs were MSEK 364 for the 2013/2014 fiscal year. These costs comprised environment-related taxes and charges that are often linked with the environmental perfor-

mance of aircraft and are part of the landing fee. Other environment-related costs, such as costs for waste management, purification plants and the costs for environmental staff, amounted to MSEK32. SAS has no known major environment-related debts or contingent liabilities, for example in the form of contaminated soil.

Costs for EU-ETS cannot be disclosed since the allowances under EU-ETS for the 2013 and 2014 calendar years are to be returned in April 2015.

### Environmental-related savings

Scandinavian Airlines has an long term fuel-saving program. The calculated fuel efficiency improvement amounted to 0.1% in the 2013/2014 fiscal year compared with the 2012/2013 fiscal year. This corresponds to approximately MSEK 6 in cost savings.

### Environment-related investment

The investment made by SAS in accordance with the policies are to be both environmentally and economically sound, thus contributing to SAS's value growth and helping to ensure that SAS can meet adopted future environmental standards. During the 2013/2014 fiscal year, no significant environmental-related investments were conducted. This is because the preferred solution is leasing, rather than investing in aircraft, vehicles, computers, etc.

This means that SAS's environment-related investments disclosed in the Sustainability Report have decreased but not the actual renewal of vehicles, computers, aircraft, etc. It should also be noted that investments not emphasized in this section may also have a positive impact on the environment.

Examples of activities where leasing has been used is the extensive change of aircraft during the last years, exchange of computers, exchange of ground vehicles, etc. These activities are not listed as environment-related investment since they are integrated in SAS's continuous activities. However, they support SAS's environmental goals.

# Key environmental figures

	Aspect Input (1) FY2012	Aspect Input (1) FY2013	Aspect Input (1) FY2014	unit (1)	Production Input (2) FY2012	Production Inputs (2) FY2013	Production Inputs (2) FY2014	unit (2)
<b>Flight Operations Aspect</b>								
Jet fuel – used	1,191	1,211	1,235	1,000 tonnes	3,741	3,992	4,164	million TK
Jet fuel – CO <sub>2</sub>	3,752	3,815	3,890	1,000 tonnes	3,741	3,992	4,164	million TK
Jet fuel – Nox	15.3	16.2	16.4	1,000 tonnes	3,741	3,992	4,164	million TK
Jet fuel – HC			0.6	1,000 tonnes	3,741	3,992	4,164	million TK
Aircraft Noise – takeoff	684	640	601	1,000 km <sup>2</sup>	292	299	305	1,000 departures
Jet fuel – CO <sub>2</sub> passenger share	3,462	3,494	3,571	1,000 tonnes	32,005	33,633	35,604	million PK
<b>Ground Handling Aspect</b>								
Vehicle Diesel – Fuel used	1,565	1,598	1,474	1,000 liters	202	196	199	1,000 departures
Vehicle Diesel – CO <sub>2</sub>	4,166	4,254	3,926	tonnes	202	196	199	1,000 departures
Vehicle Petrol – Fuel used	80	56	47	1,000 liters	202	196	199	1,000 departures
Vehicle Petrol – CO <sub>2</sub>	182	128	107	tonnes	202	196	199	1,000 departures
Fuel spills	1	4	11	instances	202	196	199	1,000 departures
Glycol used	1,186	2,463	1,535	1,000 m <sup>3</sup>	9.6	15.4	9.8	1,000 de-icings
<b>Technical Maintenance Aspect</b>								
Vehicle Diesel – Fuel used	82	89	85	1,000 liters	130	131	133	1,000 departures
Vehicle Diesel – CO <sub>2</sub>	217	238	226	tonnes	130	131	133	1,000 departures
Vehicle Petrol – Fuel used	52	33	19	1,000 liters	130	131	133	1,000 departures
Vehicle Petrol – CO <sub>2</sub>	118	76	43	tonnes	130	131	133	1,000 departures
<b>SAS Cargo Groups' Aspect</b>								
Jet fuel – CO <sub>2</sub> cargo share	290	321	319	1,000 tonnes	541	629	604	million cargo TK
CO <sub>2</sub> – Truck Diesel used	2,680	2,936	2,918	tonnes	14,347	16,262	18,150	000 TK
<b>Energy, Waste and Water</b>								
Energy	172	149	125	GWh	13.6	12.9 <sup>1</sup>	12.3 <sup>1</sup>	1,000 FTEs
As of electricity	90	69	57	GWh	13.6	12.9 <sup>1</sup>	12.3 <sup>1</sup>	1,000 FTEs
As of heating	81	81	68	GWh	13.6	12.9 <sup>1</sup>	12.3 <sup>1</sup>	1,000 FTEs
As of heating oil (included in "heating")	-	2	-	GWh	13.6	12.9 <sup>1</sup>	12.3 <sup>1</sup>	1,000 FTEs
Unsorted Waste	566	406	255	tonnes	13.6	12.9 <sup>1</sup>	12.3 <sup>1</sup>	1,000 FTEs
Hazardous waste	172	223	138	tonnes	13.6	12.9 <sup>1</sup>	12.3 <sup>1</sup>	1,000 FTEs
Water	146	99	63	1,000 m <sup>3</sup>	13.6	12.9 <sup>1</sup>	12.3 <sup>1</sup>	1,000 FTEs

1) SAS excl. Widerøe.

Relationship (1) to (2)				
Relationship (1) to (2)	Result FY2013	Result FY2014	Result FY2013, %	Result FY2014, %
Kilo per TK	0.303	0.297	-4.7	-2.2
CO <sub>2</sub> gram/TK	956	934	-4.7	-2.2
NOX gram/TK	4.05	3.95	-1.2	-2.5
HC gram/TK		0.13		
85db area in KM <sup>2</sup> per departure	2.14	1.97	-8.7	-7.9
CO <sub>2</sub> gram/PK	104	100	-4.0	-3.4
1,000 liters per departure	8.1	7.4	5.5	-9.3
CO <sub>2</sub> kilo per departure	21.7	19.7	5.5	-9.3
1,000 liters per departure	0.3	0.2	-27.6	-17.3
CO <sub>2</sub> kilo per departure	0.7	0.5	-27.6	-17.3
Spills per 1,000 departures	0.02	0.06		
Liter per de-icing	160	157	29.4	-1.7
1,000 liters per departure	0.7	0.6	7.9	-6.3
CO <sub>2</sub> kilo per departure	1.8	1.7	7.9	-6.3
1,000 liters per departure	0.3	0.1	-36.5	-44.3
CO <sub>2</sub> kilo per departure	0.6	0.3	-36.5	-44.3
CO <sub>2</sub> gram/cargo TK	510	528	-4.7	3.5
CO <sub>2</sub> gram/TK	181	161	-3.3	-10.9
MWh per FTE	11.6	10.1	-8.3	-12.3
MWh per FTE	5.3	4.6	-19.9	-13.4
MWh per FTE	6.2	5.5	4.6	-11.4
MWh per FTE	0.1			
kilo per FTE	31.4	20.7	-24.2	-34.0
kilo per FTE	17.2	11.2	37.1	-35.2
m <sup>3</sup> per FTE	7.6	5.1	-28.7	-32.7

# About GRI

GRI's Sustainability Reporting Guidelines, version 3, stipulates that SAS is to determine the entities whose performance is to be reported in the Sustainability Report. The entities included in the SAS Sustainability Report November 2013–October 2014 are presented in the introduction of SAS's Accounting Policies for Sustainability Reporting on pages 38–39. The reporting boundary, including changes compared with previous reports, is disclosed in SAS's Accounting Policies for Sustainability Reporting.

GRI's Sustainability Reporting Guidelines, version 3, prescribes disclosure of GRI Application Level Criteria for organizations using the Guidelines.

	C	C+	B	B+	A	A+
Self-declared						√
Third-party Checked						√

SAS has self-declared its reporting to be Application Level A+.

PwC has audited SAS's reporting and has confirmed it to be Application Level A+.

Regarding disclosure of management approach, as required by GRI, SAS has chosen to report on management approach as an integrated part of the SAS Annual Report with sustainability review, November 2013–October 2014 and the SAS Sustainability Report November 2013–October 2014. See below for further details regarding references to SAS's management approach:

*All page references refer to the SAS Sustainability Report November 2013–October 2014 unless otherwise specified.*

## Guideline on Management Approach

A general description of SAS's approach to responsibility for sustainable development is found on pages 6–9 where SAS defines social, environmental, and financial responsibility, including SAS's comprehensive objectives governing its operations. Strategies, values, and extracts from policies guiding SAS's operations can be found on pages 11 (policies, with relevance for sustainability, can also be found on the SAS Group's website, [www.sasgroup.net](http://www.sasgroup.net)).

A description of the organization and management of SAS's sustainability work is provided on page 8. Relevant information concerning both positive and negative aspects of SAS's performance is disclosed throughout the report. The most significant aspects are commented on in the Board of Directors' Report on pages 19–25 in the SAS Annual Report with sustainability review, November 2013–October 2014. Risks and opportunities are included in SAS Annual Report with sustainability review, November 2013–October 2014, on pages 7–15 and 81–83.

## Financial responsibility

Information regarding financial results can be found on page 1 and on page 19 and onward in the SAS Annual Report with sustainability review, November 2013–October 2014. Information concerning SAS's financial responsibility is provided on pages 17 and 25 in the SAS Sustainability Report November 2013–October 2014, where SAS's indirect economic impact is described. Information regarding market shares, etc. is found on pages 84–87, in the SAS Annual Report with sustainability review, November 2013–October 2014.

## Environmental responsibility

SAS's main environmental impact is related to the combustion of non-renewable fuels. Thus, the major disclosures regarding environmental aspects are consumption of non-renewable fuels, emissions of CO<sub>2</sub> and NO<sub>x</sub>, and noise. This information is found on pages 5, and 26–27. Targets and results of SAS's environmental work are disclosed on pages 22–27. On page 8, the organization and management of SAS's sustainability work are described, together with processes for feedback and reporting of environmental data.

## Social responsibility

**Labor practices and decent work:** Relevant information regarding SAS's approach to labor practices and decent work is presented on pages 9 and 14–18. Policies regarding labor practices and decent work are disclosed on SAS Group's website ([www.sasgroup.net](http://www.sasgroup.net)). The process for handling issues regarding labor practices and managing feedback and reporting of labor data is described on page 8.

**Human rights:** Relevant information regarding SAS's approach to human rights can be found on pages 8 and 16 and in the GRI Cross-reference list.

**Society:** Relevant information regarding SAS's approach to communities, corruption, public policy, anti-competitive behavior, and compliance, can be found on page 8 and in the SAS Code of Conduct available on the SAS Group's website. For any significant case of non-compliance during the year information is disclosed in the Report by the Board of Directors on pages 19–25 in SAS Annual Report with sustainability review, November 2013–October 2014.

**Product responsibility:** SAS mainly offers services. Where relevant, information regarding service responsibility is disclosed as part of SAS's social responsibility on page 16, otherwise it is commented on in the GRI Cross-reference list.

# Sustainability Report – GRI Cross Reference List

Core Indicator	Page reference	Reported	Comments
<b>Profile</b>			
<b>Strategy &amp; Analysis</b>			
1.1 Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	AR14 pages 2–3. SR14 page 1.		
1.2 Description of key impacts, risks, and opportunities.	AR14 pages 81–83. SR14 pages 9 and 10.		Description of major risks identified and corresponding actions are described on pages 81–84 (AR14). SAS aspects are on pages 10 (SR14).
<b>Organizational Profile</b>			
2.1 Name of reporting organization.	SR14 back cover.		
2.2 Primary brands, products, and/or services.	AR14 inside front cover.		
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	AR14 pages 66 and 92. SR14 page 2		Operational structure on page 66 (AR14), Joint Ventures and Partners on page 92 (AR14). Airlines and operating companies on pages 2 (SR14).
2.4 Location of organization’s headquarters.	SR14 back cover.		SAS Group Frösundaviks Allé 1, SE-195 87 Stockholm, Sweden.
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	AR14 pages 5-6 and 93.		The main markets for SAS are described on page 5–6 (AR14). A map detailing all locations is found on page 93 (AR14).
2.6 Nature of ownership and legal form.	AR14 pages 66 and 84–87.		The legal form is described on page 66 and the largest shareholders on pages 84–87 (AR14).
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	AR14 page 5-6 and 93.		SAS’s main markets are described on pages 5-6 (AR14). A map detailing all locations is found on page 93 (AR14).
2.8 Scale of the reporting organization, including: • Number of employees; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided.	AR14 pages 26, 39 and 88.		<ul style="list-style-type: none"> <li>• Passengers served on pages 88 (AR14.)</li> <li>• Net sales on page 26 (AR14)</li> <li>• Total capitalization specified by liabilities and equity on page 26 (AR14)</li> <li>• Number of employees on pages 39 (AR14)</li> </ul>
2.9 Significant changes during the reporting period regarding size, structure, or ownership.	AR14 pages 7–15.		
2.10 Awards received in the reporting period.			SAS was awarded as best airline in the Swedish brand study on sustainability (Sustainable Brand Index) in 2014.
<b>Report Parameter</b>			
<b>Report Profile</b>			
3.1 Reporting period (e.g., fiscal/calendar year) for information provided.	SR14 front cover.		
3.2 Date of most recent previous report (if any).	SR14 inside front cover.		Previous reports can be obtained from the SAS website ( <a href="http://www.sasgroup.net">www.sasgroup.net</a> ).
3.3 Reporting cycle (annual, biennial, etc.)	AR14 page 93.		Annual reporting.
3.4 Contact point for questions regarding the report or its contents.	SR14 inside front cover.		Inquiries regarding the Annual Report are handled by Investor Relations and inquiries regarding the Sustainability Report are handled by the Head of Environment and CSR.
<b>Report Scope and Boundary</b>			
3.5 Process for defining report content, including: • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report.	SR14 page 10.		
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	SR14 inside front cover and pages 38–39 (Accounting Policies for Sustainability Reporting November 2013–October 2014).		
3.7 State any specific limitations on the scope or boundary of the report.	SR14 inside front cover and pages 38–39 (Accounting Policies for Sustainability Reporting November 2013–October 2014).		

AR14 = SAS Annual Report with sustainability review, November 2013–October 2014    SR14 = SAS Sustainability Report November 2013–October 2014

■ Reported   ■ Partially reported   ■ Not reported

Core Indicator	Page reference	Reported	Comments
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	AR14 pages 32–38. SR14 pages 38–39 (Accounting Policies for Sustainability Reporting November 2013–October 2014).		The accounting policies of the SAS Annual Report are described on page 32–38 (AR14). Any deviations from these principles in the Sustainability Report are described in the Accounting Policies for Sustainability Reporting November 2013–October 2014.
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	AR14 pages 32–38. SR14 pages 38–39 (Accounting Policies for Sustainability Reporting November 2013–October 2014).		The accounting policies of the SAS's Annual Report are described on page 32–38. Any deviations from these principles in the Sustainability Report are described in the Accounting Policies for Sustainability Reporting November 2013–October 2014.
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	AR14 pages 19–25 and 32–38. SR14 pages 38–39 (Accounting Policies for Sustainability Reporting November 2013–October 2014).		Any significant restatements regarding the financial reports are disclosed in the Report by the Board of Directors on pages 19–25 or in the accounting policies on pages 32–38 (AR14). Restatements regarding the Sustainability Report are disclosed in Accounting Policies for Sustainability Reporting November 2013–October 2014.
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	SR14 pages 38–39 (Accounting Policies for Sustainability Reporting November 2013–October 2014).		
<b>GRI Content Index</b>			
3.12 Table identifying the location of the Standard Disclosures in the report.	SR14 pages 29–37.		
<b>Assurance</b>			
3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	AR14 page 77. SR14 page 42.		The Auditor's report of the Annual Report is found on page 77 (AR14). The auditor's assurance report of the Sustainability Report is found on page 42 (SR14).
<b>Governance</b>			
<b>Governance</b>			
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	AR14 pages 66–73.		The Corporate Governance Report on pages 66–73 (AR14) discloses detailed information on the governance structure.
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	AR14 pages 72.		Fritz H. Schur, the SAS Group Chairman, does not hold any executive position in SAS.
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	AR14 pages 72–73.		The majority of the members of the Board of Directors are defined as independent from major shareholders as described on pages 72–73 (AR14). All of the members of the Board of Directors are non-executive except for the union representatives who are elected through the trade unions' own process.
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	AR14 pages 66–68. SR14 page 14.		The Annual General Shareholders' Meeting is the main mechanism for shareholders to provide recommendations or direction to the Board of Directors as described on pages 66–68 (AR14). SAS has union representatives on the Board of Directors as described on page 14 (SR14).
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	AR14 pages 39–40.		As stated on pages 39–40 (AR14), executive compensation comprises only fixed remuneration for the 2013/2014 fiscal year.
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	AR14 pages 66–68 and 68–69.		The majority of the members of the Board of Directors are defined as independent from major shareholders as described on pages 68–69 (AR14). The Nomination Committee evaluates the work, competence and composition of the Board of Directors on an ongoing basis as described on pages 66–68 (AR14).

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Core Indicator	Page reference	Reported	Comments
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	AR14 page 67 and pages 67–68.		The Nomination Committee evaluates the work, competence and composition of the Board of Directors on an ongoing basis as described on page 67 (AR14). The Board of Directors prior and current engagements are disclosed on pages 67–68 (AR14).
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	AR14 inside front cover. SR14 page 11.		
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	AR14 pages 67–68. SR14 page 8.		The Board of Directors have sustainable development on their agenda as described on pages 67–68 (AR14). The organization and structure of the SAS's sustainability work is described on page 8 (SR14).
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	AR14 pages 66–68.		The Nomination Committee evaluates the work, competence and composition of the Board of Directors on an ongoing basis as described on page 67 (AR14). The Annual General Shareholders' Meeting is the main forum for all shareholders to evaluate the Board of Directors as described on pages 66 (AR14).
<b>Commitments to External Initiatives</b>			
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	SR14 pages 9, 18 and 23.		SAS has joined the UN Global Compact, which prescribes the precautionary approach as one of their ten principles. The precautionary approach is also a principle of the Rio Declaration, which is a part of both the SAS Code of Conduct and the SAS's Purchasing Policy. SAS's commitment to the UN Global Compact is described on page 9 (SR14). Examples of how the precautionary approach has been applied are provided on page 18 onwards (SR14) regarding SAS Environmental Programs and on 23 (SR14) regarding SAS Tech's activities to reduce and replace chemicals.
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	SR14 pages 7 and 9.		
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	SR14 pages 12–13.		SAS is members of several industry and business organizations. The memberships stated on pages 12–13 (SR14) are considered the most important.
<b>Stakeholder Engagement</b>			
4.14 List of stakeholder groups engaged by the organization.	SR14 page 12.		
4.15 Basis for identification and selection of stakeholders with whom to engage.	SR14 pages 12–13.		General selection criteria are not used since SAS never denies a stakeholder an opportunity for dialog.
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	SR14 pages 12–13.		The approach to stakeholder engagement is described on page 12–13 (SR14). In the table on page 12 (SR14) specific dialogs with stakeholders are described, with the frequency depending on the nature of the dialog.
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	SR14 pages 12–13.		

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Performance Indicators	Page reference	Reported	Comments
<b>Economic</b>			
<b>Economic Performance</b>			
EC1 Economic value generated and distributed.	AR14 pages 26–27. SR14 pages 17 and 25.		Economic value generated and distributed is disclosed on pages 26–27 (AR14). Sustainability specific economic values are disclosed on pages 17 and 25 (SR14). SAS is aware that this indicator is not reported in line with the GRI protocol. SAS has decided to report as it has in previous years.
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	SR14 pages 19–21 and page 25.		Perspectives on climate change, including risks and opportunities, are described on pages 19–21 (SR14). SAS's activities to reduce the emissions and the impact on climate change are described throughout the Sustainability Report. The financial implications of environmental related costs are described on pages 25 (SR14).
EC3 Coverage of the organization's defined benefit plan obligations.	AR14 pages 46–49.		SAS's defined benefit pensions are disclosed in Note 15 on pages 46–49 (AR14) in accordance with IAS 19.
EC4 Significant financial assistance received from government.	AR14 page 86.		SAS receives no significant subsidies. In the airline industry, all operators may be eligible to a discount during the first months of operation on a new flight connection. Some connections to smaller airports, notably in Norway and in Sweden, are subject to a public procurement process, where the winning tender results in the operator being awarded a fixed sum for operating a flight connection under given frequencies, airplane sizes and time-frames. Due to the open procurement process, SAS does not consider this to be a form of subsidy. The Scandinavian governments are major shareholders of SAS as stated on pages 86 (AR14).
<b>Market Presence</b>			
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.			SAS promotes the consideration of local suppliers. Fuel is, for example, never sourced from only one supplier since SAS's Purchasing Policy encourages the use of multiple suppliers for significant purchases. Catering and waste disposal is, for example, usually provided by local suppliers. However, SAS does not collect data at an aggregated level for this indicator.
EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.			SAS employees are based in the Nordic countries. SAS seeks to attain as high a level of locally recruited management as possible, due to both better knowledge of local markets and lower cost compared with expatriates. However, SAS does not collect data at an aggregated level for this indicator.
<b>Indirect Economic Impacts</b>			
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.			SAS's airline operations are an important part of the transportation infrastructure in all countries where it operates. All in-kind or pro-bono engagements regarding infrastructure, for example, free or subsidized airline tickets, are conducted by each subsidiary itself since the subsidiaries are best suited to decide which engagements to support. However, SAS does not collect data at an aggregated level for this indicator. Examples of humanitarian assistance and partnerships are described on page 16 (SR14).
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.	SR14 page 13.		Research and development are described on page 13 (SR14).
<b>Environmental</b>			
<b>Materials</b>			
EN1 Materials used by weight or volume.			SAS does not use any material for producing air transport.
EN2 Percentage of materials used that are recycled input materials.			
<b>Energy</b>			
EN3 Direct energy consumption by primary energy source.	SR14 pages 5 and 26–27.		The jet fuel consumed by SAS is the dominant source of energy. All certified jet fuels are fossil based. Direct energy consumption is reported on the following pages: Jet fuel – pages 26–27 (SR14). Diesel/petrol – pages 26–27 (SR14).

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■ Reported ■ Partially reported ■ Not reported

Performance Indicators	Page reference	Reported	Comments
EN4 Indirect energy consumption by primary source.	SR14 pages 5 and 26–27.	Reported	SAS reports energy use in kWh or GWh as applicable. SAS does not convert these figures into joule. Reporting this indicator by primary source is not considered relevant since jet fuel is the dominant source of energy for SAS.
EN5 Energy saved due to conservation and efficiency improvements.	SR14 pages 19–21 and 27.	Partially reported	SAS reports efficiency as fuel consumption relative to passenger kilometers on pages 27 (SR14). The fuel-saving programs are described on pages 19–21 (SR14).
EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	SR14 pages 19–21 and 27.	Partially reported	SAS reports efficiency as fuel consumption relative to passenger kilometers on pages 27 (SR14). The fuel-saving programs are described on pages 19–21 (SR14). The option for customers to offset the CO <sub>2</sub> emissions from their flight is described on page 27 (SR14). The research into jet fuel that partly based on renewable resources is described on page 20–21 (SR14).
EN7 Initiatives to reduce indirect energy consumption and reductions achieved.		Not reported	Indirect energy consumption (excluding purchased electricity) is not considered material for SAS. Regarding to employee business travel, the vast majority of flights made by employees are reported in terms of direct greenhouse gas emissions and are CO <sub>2</sub> -compensated.
<b>Water</b>			
EN8 Total water withdrawal by source.	SR14 pages 5 and 26–27.	Partially reported	Water withdrawal as a total figure is disclosed on pages 26–27 (SR14). Dividing it by source is not deemed material.
<b>Biodiversity</b>			
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		Not reported	SAS's impact on biodiversity is described on page 18 (SR14). SAS does not generally own land. For locations where SAS's operations may have an indirect significant impact on biodiversity, SAS is involved in dialogs with airport operators as described on pages 12–13 (SR14).  SAS, through Star Alliance, has a partnership agreement – Biosphere Connections – with a group of international organizations such as UNESCO, IUCN and Convention of wetlands (Ramsar) as described on <a href="http://www.staralliance.com/en/about/initiatives/environment/">http://www.staralliance.com/en/about/initiatives/environment/</a>
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	SR14 pages 12–13.	Partially reported	SAS's impact on biodiversity is described on page 18 (SR14). SAS does not generally own land. For locations where SAS's operations may have an indirect significant impact on biodiversity, SAS is involved in dialogs with airport operators. An example is described on pages 12–13 (SR14).
<b>Emissions, Effluents, and Waste</b>			
EN16 Total direct and indirect greenhouse gas emissions by weight.	SR14 pages 5 and 26–27.	Reported	SAS reports on direct greenhouse gas emissions on pages 4 and 26–27 (SR14).
EN17 Other relevant indirect greenhouse gas emissions by weight.		Not reported	SAS does not consider other indirect greenhouse gas emissions to be material compared with direct emissions, which comprise the most significant environmental impact of SAS's operations. Regarding to employee business travel, the vast majority of flights made by employees are reported in terms of direct greenhouse gas emissions.
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	SR14 pages 18–20, 22 and 26–27.	Reported	Greenhouse gas emissions are the most significant environmental impact generated by SAS. Accordingly, initiatives to reduce greenhouse gas emissions are presented throughout the Report. Reductions achieved, both absolute and relative, are presented on pages 18–20 (SR14).
EN19 Emissions of ozone-depleting substances by weight.	SR14 page 18.	Reported	SAS's airline operations have an exemption to use halons and submit annual reports to the authorities. The reason for the exemption is that there are no safe alternatives to halons as a fire extinguishant. The amount of halons used is disclosed on page 18 (SR14). Any emissions of halons will be disclosed in the Sustainability Report.
EN20 NO <sub>x</sub> and other significant air emissions by type and weight.	SR14 pages 4 and 26–27.	Reported	SAS reports NO <sub>x</sub> emissions. Other types of emissions are not considered material in relation to the emissions of CO <sub>2</sub> and NO <sub>x</sub> .

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Reported Partially reported Not reported

Performance Indicators	Page reference	Reported	Comments
EN21 Total water discharge by quality and destination.			SAS does not report on discharges to water since SAS's normal operations do not generate any material discharges.
EN22 Total weight of waste by type and disposal method.	SR14 pages 26–27.		Waste is separated into unsorted waste and hazardous waste.
EN23 Total number and volume of significant spills.	AR14 pages 19–25. SR14 pages 21 and 26–27.		All significant spills are disclosed in the Sustainability report and/or the Report by the Board of Directors.
<b>Products and Services</b>			
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	SR14 pages 18–20.		The purposes of the SAS's environmental efforts are all focused on reducing the environmental impact of the services provided. Examples are SAS's goal to reduce flight emissions by 20% in the 2014/2015 fiscal year compared with full-year 2005, as described on pages 18-20 (SR14), and SAS's work on alternative sustainable jet fuel is described on page 20 (SR14).
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.			The products sold by SAS are not considered material.
<b>Compliance</b>			
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	AR14 pages 19–25.		SAS discloses significant fines on a subsidiary by subsidiary basis and/or in the Report by the Board of Directors. No fines were levied in the 2013/2014 fiscal year.
<b>Transport</b>			
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	SR14 pages 26–27.		The fuel consumption by SAS ground operations' vehicles includes transportation of goods at the airports where these operations are conducted. The transportation of workforce members is included in the figures for SAS's environmental impact.
<b>Overall</b>			
EN30 Total environmental protection expenditures and investments by type.	SR14 page 25.		SAS discloses sustainability-related charges, costs and investments on page 25 (SR14), due to the long history of reporting on internal definitions that are similar but not exactly the same as those prescribed in the indicator protocol.
<b>Social Performance: Labor Practices &amp; Decent Work</b>			
<b>Employment</b>			
LA1 Total workforce by employment type, employment contract, and region.	AR14 page 39. SR14 page 18.		The workforce, in terms of number of employees, is reported in accordance with SAS's Accounting Policies for Sustainability Reporting November 2013–October 2014. SAS only reports total workforce by region, not by employment type or contract.
LA2 Total number and rate of employee turnover by age group, gender, and region.			SAS does not report detailed turnover figures. Employee turnover is not deemed a significant key performance indicator at an aggregated group level.
<b>Labor/Management Relations</b>			
LA4 Percentage of employees covered by collective bargaining agreements.	SR14 page 14.		In general, all SAS employees are covered by collective bargaining agreements. The main exception is senior management at Group level.
LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.			Information, consultation and negotiation procedures with employees regarding significant operational issues are regulated by national laws and regulations. Accordingly, minimum notice periods are not reported.
<b>Occupational Health and Safety</b>			
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	SR14 page 15.		Joint management-worker health and safety committees cover all SAS employees.
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	AR14 pages 1 and 17. SR14 pages 16 and 18.		
LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	SR14 page 16.		SAS does not have any specific programs, although the HSE department described on page 16 (SR14) continuously assists all SAS personnel regarding health issues, for example, stress or HIV/AIDS.
<b>Training and Education</b>			
LA10 Average hours of training per year per employee by employee category.	SR14 pages 14 and 16.		SAS reports total hours of training, not per employee or employee category.

AR14 = SAS Annual Report with sustainability review, November 2013–October 2014 SR14 = SAS Sustainability Report November 2013–October 2014

■ Reported ■ Partially reported ■ Not reported

Performance Indicators	Page reference	Reported	Comments
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	SR14 pages 14 and 16.		SAS's work on skills management is described on pages 14 and 16 (SR14). Programs to support employee career transitions are available both from SAS's own activities and through those provided by local/regional/national governments. Sabbatical periods and severance pay are regulated by national laws and rules. Solutions for restructuring etc. are handled in dialog with the parties concerned since the Scandinavian countries have a long history of close cooperation between businesses, trade unions and government.
LA12 Percentage of employees receiving regular performance and career development reviews.			All employees have the right to receive annual performance and career development reviews.
<b>Diversity and Equal Opportunity</b>			
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	AR14 pages 72–75. SR14 page 18.		The Board of Directors and management are presented on pages 72–75 (AR14). A gender breakdown of employees is presented on page 18 (SR14). No further indicators of diversity are aggregated at company level.
LA14 Ratio of basic salary of men to women by employee category.			The vast majority of all SAS employees are subject to collective bargaining agreements that define salary and other benefits, equal for both women and men as described on page 14 (SR14). As a result, no indicator on salary ratio is reported.
<b>Social Performance: Human Rights</b>			
<b>Investment and Procurement Practices</b>			
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.			The SAS General Terms & Conditions includes clauses regarding the UN Global Compact's 10 principles.  The majority of SAS's suppliers are assessed in terms of sustainability related issues.
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.			The SAS General Terms & Conditions includes clauses regarding the UN Global Compact's 10 principles.
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	SR14 pages 14 and 16.		SAS provides an e-learning program for its Code of Conduct. The number of employees that completed the program during the fiscal year is reported on pages 14 and 16 (SR14).
<b>Non-Discrimination</b>			
HR4 Total number of incidents of discrimination and actions taken.			Incidents can be reported in three ways: the whistleblower function as mentioned on page 8 (SR14), safety representatives, and management and HR representatives. Incidents are not publicly reported due to the potential confidentiality of the information.
<b>Freedom of Association and Collective Bargaining</b>			
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.			SAS endorses the UN Global Compact, whose ten principles are based on the UN Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption. SAS endeavors to act responsibly in the countries and contexts where the company operates. This means, for example, that SAS is always to be associated with respect for human rights, acceptable labor standards, social considerations and sustained environmental work. A self-assessment of the Global Compact principles (including human rights) is performed every year.
<b>Child Labor</b>			
HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.			SAS endorses the UN Global Compact, whose ten principles are based on the UN Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption. SAS endeavors to act responsibly in the countries and contexts where SAS operates. This means, for example, that SAS is always to be associated with respect for human rights, acceptable labor standards, social considerations and sustained environmental work. A self-assessment of the Global Compact principles (including human rights) is performed every year.

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Performance Indicators	Page reference	Reported	Comments
<b>Forced and Compulsory Labor</b>			
HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.			SAS endorses the UN Global Compact, whose ten principles are based on the UN Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption. SAS endeavors to act responsibly in the countries and contexts where SAS operates. This means, for example, that SAS is always to be associated with respect for human rights, acceptable labor standards, social considerations and sustained environmental work. A self-assessment of the Global Compact principles (including human rights) is performed every year.
<b>Security Practices</b>			
HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.			SAS does not employ security personnel in its operations since this is the responsibility of the airport operators. However, the personnel of SAS's central security department, who are responsible for company-wide security, are introduced to the Code of Conduct, as all SAS employees are.
<b>Indigenous Rights</b>			
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.			No incident of violations involving rights of indigenous people was reported during November 2013–October 2014.
<b>Social Performance: Society</b>			
<b>Community</b>			
SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.			SAS is constantly involved in stakeholder dialogs in order to assess and manage impact on communities.
<b>Corruption</b>			
SO <sub>2</sub> Percentage and total number of business units analyzed for risks related to corruption.			SAS considers all business where valuable resources are handled to be at risk of corruption, and therefore all employees are covered by the SAS Code of Conduct. Comprehensive guidelines are also available for all employees regarding situations where risks related to corruption and other issues of unethical behavior are present. As a result, all business units are continuously analyzed for corruption-related risks.
SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.	SR14 page 14.		SAS provides an e-learning program for its Code of Conduct. The number of employees that completed the program during the fiscal year is reported on pages 14 (SR14). All key personnel have been trained in the SAS Competition Law Compliance Program.
SO4 Actions taken in response to incidents of corruption.			SAS has not been the victim of any material crime or instance of fraud. SAS takes substantial measures to ensure that ethical behavior is a core value in all business relationships through the Code of Conduct and the SAS Competition Law Compliance Program.
<b>Public Policy</b>			
SO5 Public policy positions and participation in public policy development and lobbying.	SAS Code of Conduct		The SAS Code of Conduct states that "communication work is to be conducted on a high, professional level and follow the laws and regulations that apply to listed companies. Internal and external communication is used to create insight, understanding, motivation, strength, willingness to change, sound labor standards and a good reputation. The main principle is that central functions are responsible for all communication affecting overarching issues in SAS." In addition, the public affairs department manages all communication activities with authorities and politicians. Many of the organizations of which SAS is a member (AEA and IATA) carry out lobby activities. However, SAS does not make any contributions or give other support, direct or indirect, to political parties or individual politicians. Employees are also not permitted to make contributions at SAS's expense or provide assistance in the form of funds or resources from SAS.  For more information, see also the SAS Code of Conduct available at <a href="http://www.sasgroup.net">www.sasgroup.net</a> under the heading "Sustainability."

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Performance Indicators	Page reference	Reported	Comments
<b>Anti-Competitive Behavior</b>			
SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.			SAS has an extensive program, SAS Competition Law Compliance Program, to ensure that professional business relations are maintained. SAS has not been the victim of any material crime or instance of fraud.
<b>Compliance</b>			
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	AR14 page 25.		SAS discloses significant fines on a subsidiary by subsidiary basis and/or in the Report by the Board of Directors. No significant fines were levied in the 2013/2014 fiscal year.
<b>Social Performance: Product Responsibility</b>			
<b>Customer Health and Safety</b>			
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	AR14 pages 23-24.		Flight safety is a main concern of SAS, and all of its airlines are certified in accordance to IOASA (IATA Operational Safety Audit). Further details about SAS's approach to customer safety can be found on pages 23-24 (AR14).
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	AR14 page 24.		SAS reports a risk index for Scandinavian Airlines and deviations in accordance with ICAO's rules and regulations on page 24 (AR14). SAS considers flight safety to be the most relevant indicator for customer health and safety.
<b>Products and Service Labeling</b>			
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.			All airline travel has substantial information requirements. SAS strives to adhere to all laws and regulations regarding service information. However, data on information requirements are not publicly communicated.
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	AR14 page 15.		SAS publishes results of its customer satisfaction surveys or other customer satisfaction measures per entity and at an overall level.
<b>Marketing Communications</b>			
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	SR12 page 6.		The SAS Code of Conduct and SAS Competition Law Compliance Program both include the subject of marketing and communications.
<b>Compliance</b>			
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	AR14 page 24.		SAS discloses all significant legal actions, including fines for non-compliance concerning the provision and use of services, see page 24 (AR14) for further details.

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# Accounting Policies for Sustainability Reporting 2013/2014 fiscal year

“SAS” or “The SAS Group” is used throughout the Report when the total operations are referred to.

For the the 2013/2014 fiscal year, SAS reports its general sustainability results divided into the same segments as disclosed in the Annual Report:

- Scandinavian Airlines comprises all operations in the SAS Consortium, including SAS Maintenance Production, SAS Cargo Group (SCG) and Blue1.
- SAS Ground Handling (SGH).

For environmental responsibility, SAS strives to distinguish between airline and ground operations. Accordingly, the following divisions have been made:

- Airline operations with an SK flight number.
- Ground handling in SAS Ground Handling (SGH). SGH conducts ground handling for Scandinavian Airlines, Blue1 and other customers, such as other airlines.
- Technical maintenance in SAS Maintenance Production. SAS Maintenance Production conduct technical maintenance primarily for Scandinavian Airlines but also for other customers, such as other airlines.
- Freight and mail services within SAS Cargo Group A/S (SCG).
- Facilities owned or leased by SAS.

SAS still holds interests in Air Greenland, Estonian Air and Widerøe but these are not disclosed since SAS is no longer a majority shareholder and is divesting the current holdings. SAS's structure is presented on page 66 in the SAS Annual Report with sustainability review, November 2013–October 2014.

## Sustainability reporting

SAS's Sustainability Report has been prepared in accordance with the SAS Accounting Policies for Sustainability Reporting. SAS has also applied the Global Reporting Initiative's (GRI) Sustainable Reporting Guidelines, version 3.0. GRI cross-references are available on page 29–37. These indicate where the GRI indicators are found in the SAS Sustainability Report November 2013–October 2014, and also comment on non-applicable GRI-indicators. The Sustainability Report also covers all important principles in the UN Global Compact. GRI's Sustainability Reporting Guidelines, version 3, contains ten reporting principles, which were taken into account in preparing the SAS Sustainability Report November 2013–October 2014.

## Scope of the Sustainability Report

SAS's Sustainability Report should contribute to the evaluation and understanding of SAS's operations. The report is an overview of SAS's structured sustainability work. The goal of the SAS Sustainability Report November 2013–October 2014 is to disclose all information necessary to provide the reader with a fair overview of SAS's environmental, social, and financial responsibilities.

SAS Annual Report with sustainability review, November 2013–October 2014 includes a general overview of SAS's sustainability efforts on pages 16–17 and the sustainability information in the Report by the Board of Directors on pages 19–25.

The ultimate responsibility for SAS's sustainability aspects, and their integration in operational activities, lies with Group Management. The Sustainability Report was reviewed by SAS Group Management in Jan-

uary 2015. The SAS Group Board of Directors submitted the Annual Report with sustainability review, November 2013–October 2014 in January 2015, and was informed of the Sustainability Report.

## Limitations

The main principle for sustainability reporting is that all units and companies controlled by SAS are accounted for. This means that sustainability-related data for divested companies owned by SAS during the period is reported wherever possible. The same accounting policies as for financial information in the Annual Report with sustainability review are intended to be used for financial information in the Sustainability Report.

SAS has a number of production indicators (such as passenger kilometers and tonne kilometers). There are differences between the Annual Report and the Sustainability Report as regards the disclosure of the number of passenger kilometers. The Annual Report uses Revenue passenger kilometers (RPK) where paying passengers are included, while the Sustainability Report uses passenger kilometers (PK) where all passengers are included.

Standard definitions for environmental and social data have been applied throughout SAS. None of the limitations are considered to have any substantial significance.

## Changes in accounting policies and calculating principles

The sustainability information in the Sustainability Report is affected by the following changes:

Carbon emissions per passenger kilometer are calculated based on the fuel used for passenger transport. Carbon emissions per cargo tonne kilometer are calculated based on the fuel used for cargo transport. The result was recalculated from the 2012/2013 fiscal year in order to be comparable. The previous method (all carbon emissions divided by all passenger kilometer) continues to be used in order to follow up and disclose the flight emissions goal the 2014/2015 fiscal year.

Ground fuel and de-icing fluid consumption in SAS Ground Handling is, from this report, disclosed for SAS's main bases in Denmark, Norway and Sweden. Results since 2010 have been recalculated.

Climate index is, from this report, calculated using tonne kilometer instead of passenger kilometer. Results since base year 2011 have been recalculated.

Nitrogen oxides (NOX) and HC emissions from SAS's Boeing 737NG fleet are calculated based on the engines mounted on the aircraft at the beginning of the month of the performed flight. This method is applied since an engine upgrade program is ongoing, with three different engine specifications applicable to each subtype in the Boeing 737NG fleet. The engine specification is constant for all other aircraft types.

## Principles for reporting and calculating environmental data

Reported environmental information is based on the following calculations and/or factors:

- Distance, based on WGS84 Great Circle Distance (GCD) calculations between airport reference points as defined in national AIPs.
- Passenger weight for TK calculations in 100 kilograms for any person with hand luggage and checked luggage transported. This does not include active crew.
- Cargo and mail, actual weight is used.

- Fuel density (kg per liter):
  - Jet A/A-1<sup>1</sup>: Actual density or 0.8
  - Diesel: 0.84
  - Petrol: 0.73
  - Heating oil: 0.84
- CO<sub>2</sub> factor (per weight unit of fuel):
  - Jet A/A-1<sup>1</sup>: 3.15
  - Diesel: 3.17
  - Petrol: 3.12
  - Heating oil: 3.17
- Energy conversion of fuels (GWh per 1,000 tonnes):
  - Jet A/A-1: 12.0
  - Diesel: 12.0
  - Petrol: 12.2
  - Heating oil: 12.0
- Nitrogen oxides (NO<sub>x</sub>), factors (per weight unit of fuel):
  - Jet A/A-1<sup>2</sup>: Between 0.00694 and 0.01932

1. Fuel density and CO<sub>2</sub> factor for Jet A/A-1 is calculated according to approved MRV-plan.  
 2. Varies per aircraft/engine combination.

### Carbon emissions per passenger kilometer and cargo tonne kilometer

SAS has, from this report, chosen to apply a calculation method to divide the amount of fuel used for passenger and cargo transport before dividing the amount by passenger or cargo tonne kilometer. The method is based on the IATA Carbon Calculator Tool. The assumption is that fuel usage is proportional to weight. Passenger fuel usage is the ratio of total passenger weight to total weight multiplied by the total fuel used. The rest is allocated to cargo transport.

Total Passenger Fuel Usage = [(Total Passenger Weight / Total Weight)] x Total Fuel Used

Where,

Total Weight = Total Passenger Weight + Total Freight/Cargo Weight

Total Passenger Weight (kg) = (Number of Seats \* 50 kg) + (Number of Passengers \* 100 kg)

The calculation method allocates 50 kilograms per seat to the prerequisites for passenger transport and the same weight per passenger as used in all other calculations applied within the industry.

For cases when flights were conducted without passenger or freight/cargo transport, all carbon emissions was allocated as passenger transport. Examples of these flights are training flights, positioning flights between scheduled flights, flights to from maintenance, etc.

The reason for this changed calculation method is to achieve more precise carbon emissions per production unit calculations. The previous calculation method essentially involved double accounting, with emissions per passenger kilometer including the fuel used for freight/cargo transport and visa versa.

### Climate index

SAS has chosen to construct a climate index for flight operations. The most recent base year is full-year 2011, used to follow up progress con-

nected to activities implemented in 2011. The climate index is calculated by using the quantity of emissions of carbon dioxide and nitrogen oxides in relation to production. Even though there is no consensus regarding the weighting between the effect of different greenhouse gases on total impact on climate change, SAS has decided to base the calculation on the assumption from, among others, Cicero that 1.5 is a reasonable multiplier given the currently available knowledge. Read more about Cicero that provided basic data for IPCC, for example, on [www.sasgroup.net](http://www.sasgroup.net) under the heading Sustainability. This gives a ratio of 2/3 carbon dioxide to 1/3 other climate changing emissions such as nitrogen oxides, water vapor and particulates. Nitrogen oxides have been chosen as a non-CO<sub>2</sub> indicator for the climate index. Until clearer directives are given regarding how the total climate effect are to be calculated, every emission is reported separately.

Environmental aspect	Weighting	Production factor
Carbon dioxide	67%	Tonne Kilometer (TK)
Nitrogen oxides	33%	

The climate index is designed for SAS to present month-to-month trends. This assumes that the methodology is not changed.

### Principles for reporting and calculation of social data

The following principles for calculating and reporting of social data have been used.

Occupational injuries (H-value):

Frequency of occupational injuries (H value) is calculated using the following formula:

No. of occupational injuries with minimum of one day's absence  
 x 1,000,000

total number of performed working hours per year

Number of employees:

In the Sustainability Report, the number of employees is based on the number of persons during the month of October and sick leave statistics calculated for the fiscal year. These are employees having a budgeted or actual schedule and/or who were sick during the period.

Sick leave:

Blue1 discloses sick leave separately. Sick leave for SAS (excl. Blue1) is reported as the number of hours sick in relation to actual or planned working hours. For Blue1 sick leave is reported as the percentage of sick leave in relation to planned work time. For sick leave, absence due to sick children is excluded. Long-term sick leave (more than 14 days) is reported as a percentage of total sick leave.

### Principles for reporting and calculation of external and other environmentally related costs

Where possible, environmentally related costs are based on information directly from the accounting system. When this has not been possible, for example, for calculations of certain charges and taxes that are included in landing charges, estimates were used based on the number of passengers to a certain destination and the charge or tax per passenger.

# Sustainability terms, definitions and concepts

A

**ATAG** Air Transport Action Group is an independent coalition of organizations and companies throughout the air transport industry.

**Average number of employees** Average number of employees is defined as the average number of employees expressed in full time equivalents, excluding leave of absence, parental leave and long-term sick leave. This definition is also used in the financial reporting. Sometimes the term FTE (Full Time Equivalent) is used.

B

**Biofuels** Solid or liquid fuel with biological origin. Liquid fuels for vehicle/ship/aircraft engines. To various degrees considered carbon neutral. The EU renewables directive (2009/28/EC) and biofuels directive (2003/30/EC) define the EU's mandates on biofuels and degree of carbon neutrality.

C

**CAEP** Committee on Aviation Environmental Protection, technical committee of the ICAO (see definition) charged with developing and establishing rules and recommending measures to reduce the environmental impact of aviation.

**Carbon dioxide (CO<sub>2</sub>)** A colorless gas that is formed in the combustion of all fossil fuels. The airline industry's CO<sub>2</sub> emissions are being reduced based on a changeover to more fuel-efficient aircraft, something that is also desirable from a financial standpoint since lower fuel consumption automatically means lower costs.

**Carbon monoxide (CO)** A toxic and combustible gas formed by incomplete burning of substances containing carbon, for example, fossil fuels.

**Cargo tonne kilometer** Cargo tonne kilometers, includes all freight and mail (in metric tonne) multiplied by the great circle distance flown for all flights performed.

**Certification requirements** The ICAO's minimum requirements for certification of aircraft types, such as limits for noise and emissions of carbon dioxide, nitrogen oxides and hydrocarbons.

**CFCs** A group of chlorofluorocarbons that may also contain hydrogen and/or bromine. A class of stable chemical compounds mostly known under the trade names Freon or Halon. Manufacture prohibited by Montreal Protocol because of negative effect, depletion of the Ozone Layer. Aviation has exception for use under a critical use clause due to lack of approved alternatives. Research for alternatives is ongoing.

**Charges for the infrastructure** Charges imposed by the operators of the infrastructure and which are intended to cover operating and capital costs for airlines and air traffic management.

**CO<sub>2</sub>** Carbon dioxide (see definition).

**CO<sub>2</sub> passenger- or cargo share** The amount of carbon emissions from passenger or cargo transport.

**Code of Conduct** Business ethics rules and guidelines.

D

**dB** Decibel, a logarithmic unit of measurement that expresses the magnitude of a physical quantity relative to a specified or implied reference level.

**Drop-in fuel** A fuel that is chemically indistinguishable from conventional jet fuel. This means that no changes would be required in aircraft or engine fuel systems, distribution infrastructure or storage facility. It can be mixed interchangeably with existing jet fuel.

E

**Environmental impact of leased aircraft** Fuel consumption and emissions from leased aircraft and aircraft leased including the crew (wet lease), are included in the reported data for Scandinavian Airlines.

**Environmentally related charges** Charges imposed by the airport operators to motivate aircraft operators to operate aircrafts with high eco-efficiency with respect to noise and other emissions such as of NO<sub>x</sub>, as well as surcharges imposed by airport operators to motivate aircraft operators to avoid take-offs and landings at night. In some cases, the environmentally related charges are considered income-neutral, meaning that the total income of the airport remains unchanged by reductions in other charges. The methods for classifying aircraft differ between countries and airports within countries. Although the charges are differentiated based on the eco-efficiency of the aircraft, they are ultimately balanced in such a way as to amount to the total cost determined by the airport operator.

**Environmentally related investments** Investments in assets to prevent, reduce or restore environmental damage arising from operations and/or aimed at meeting upcoming, more stringent environmental requirements.

**Environmentally related taxes** Taxes that, in contrast to other corporate taxation, are motivated by environmental grounds. Examples are the environmentally motivated passenger charge in the UK and the environmentally related fiscal CO<sub>2</sub> charge in Norway. The charge on glycol in Norway is also included as a part of the environmentally related taxes.

**External environmentally related costs** The sum of environmental charges and environmentally related charges and taxes.

F

**Fossil fuels** Fuels consisting of organic carbon and hydrogen compounds in sediment or underground deposits – especially coal, oil and natural gas.

G

**Global Compact** A challenge from the former UN Secretary General Kofi Annan to business and industry to live up to ten principles of human rights, employee rights, the environment and anti-corruption, as formulated by the UN. [www.unglobalcompact.org](http://www.unglobalcompact.org)

**Glycol** An alcohol that is sprayed on the aircraft in cold weather to prevent ice formation. Today, a non-toxic propylene glycol is used. Some 80% of the glycol runs off the aircraft when applied, and seeps into the ground unless collected. A further 15% is emitted to the air and is thus dispersed in the vicinity of the airport. The airports are responsible for collecting the glycol runoff for reuse.

**GRI** Global Reporting Initiative. An organization aiming to provide companies and organizations with a global sustainability reporting framework and thereby facilitate comparisons between companies from a social, environmental and economic perspective. [www.globalreporting.org](http://www.globalreporting.org)

**Green Approach** In a Green Approach, the approach begins from from the Top of Descent (ToD) using a Continuous Descent Approach (CDA) with minimum thrust.

**Greenhouse effect** Carbon dioxide and other gases trap and reradiate incoming solar radiation that would otherwise be reflected back into space. The problem is that emissions of greenhouse gases have increased. Most scientists agree that heavy human use of fossil fuels is

causing global warming. Carbon dioxide is formed in the combustion of all fossil fuels, but burning of biofuels only emits an amount of carbon equal to that absorbed during growth, producing no net emissions. However, use of coal, oil and natural gas produce a net increase, since they release carbon that has been bound in the earth's crust. The freon substitute HFC, methane and nitrous oxide are other powerful greenhouse gases. Other gases that contribute to the greenhouse effect are CFCs (see definition), methane and nitrous oxide.

#### H

**Halons** See CFCs.

**HC** Hydrocarbons (see VOCs).

**Heavy metals** Certain high-density metals, such as cadmium and mercury, which both have acute and chronic toxic effects.

**Hydrocarbons** See Volatile organic compounds.

#### I

**IATA** The International Air Transport Association represents, leads and serves the airline industry. Its members comprise all major passenger and cargo airlines

**ISO 14000** A series of international environmental standards developed by the International Organization for Standardization. The general guiding principles for ISO 14000 are identical to those in the quality standard ISO 9000. There are several environmental standards in the ISO 14000 family, such as for environmental management systems (ISO 14001), environmental labeling, environmental audits and life-cycle analyses.

#### J

**Jet A-1** Common jet fuel specification outside North America. Jet A and Jet A-1 are very similar and throughout this Sustainability Report the term jet fuel is used to describe fuel used by the aviation industry.

#### K

**Kerosene** The common name for petroleum-derived jet fuel such as Jet A-1. Kerosene is one of the fuel sources that can be made by refining crude oil. It is also used for a variety of other purposes.

#### M

**MRV** Monitoring, Reporting and Verification of CO<sub>2</sub> emissions and production in tonne-kilometers in the EU Emissions Trading Scheme.

#### N

**N-ALM** The Nordic Working Group for Environmental Issues in Aviation, composed of civil aviation, environmental and communication authorities and airlines in the Nordic countries.

**Nitrogen oxides (NO<sub>x</sub>)** Formed during combustion in all in engines. For aircraft engines since the high temperature and pressure cause the atmospheric nitrogen and oxygen to react with each other, mainly during takeoff and ascent when the engine temperature is at a maximum.

**Noise** Environmentally detrimental, undesirable sounds. The environmental impact of air traffic in the form of noise is primarily of a local nature. Noise is normally described and measured in dB(A), an A-weighted sound level.

**NO<sub>x</sub>** Nitrogen oxides (see definition).

#### O

**Occupational injuries** Occupational injuries is the number of injuries employees incur by accidents at the workplace resulting in at least one day of absence.

**Other environmentally related costs** Costs for waste management, purification plants, permits, any fines and charges for permit deviation, costs for remediation measures, etc. as well as internal reported costs for environmental work, for example, costs for persons and organizations working with environmental issues, costs for sustainability reporting etc.

#### P

**PK (used in the sustainability-related reporting)** Passenger Kilometers, includes all passengers (100 kilograms per passenger including luggage) excluding active crew multiplied by the great circle distance flown for all flights performed.

**PULS** The Swedish acronym for SAS's employee surveys conducted via individual questionnaires.

#### R

**RPK (used in the financial reporting)** Revenue Passenger Kilometers, utilized (sold) capacity for passengers expressed as the number of seats multiplied by the distance flown. Revenue passengers include only those paying at least 25% of the regular ticket price.

#### S

**SAFUG** Sustainable Aviation Fuel Users Group. Aviation industry organization focused on accelerating the development and commercialization of sustainable aviation fuels.

**Sustainable development** means that when mankind satisfies its needs to today, it does so without limiting the opportunities for future generations to satisfy theirs.

#### T

**Tonne kilometers** The number of transported metric tonnes of passengers and cargo multiplied by the distance flown.

#### V

**Volatile Organic Compounds (VOC)** Emitted during incomplete combustion of fossil fuels – in aviation mainly when the engine is run at low speed and the temperature in the combustion chamber is low. This category also includes all types of solvents that evaporate from detergents and paints, among other things. With effect from April 1, 2002, only aircraft with low VOC emissions are permitted in the EU.

#### W

**Weighted noise contour** The weighted noise contour is calculated based on the number of takeoffs per day at a given airport, with regard to the aircraft types the airline uses at that airport. The weighted noise contour defines the area in km<sup>2</sup> that is subjected to a noise footprint of 85 dB(A) or more in connection with take-off.

# Assurance Report

## Auditor's Combined Assurance Report on the Sustainability Report

To SAS AB (publ)

### Introduction

We have been engaged by the management of SAS AB (publ) to undertake an examination of the SAS Sustainability Report for the year 2014.

### Responsibilities of the Board and Management for the Sustainability Report

The Board of Directors and the Group Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 38 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines G3 (published by The Global Reporting Initiative, GRI) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the procedures we have performed.

We conducted our engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. The engagement includes a limited assurance engagement on the complete Sustainability Report and audit of certain information as specified below. The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the quantitative and qualitative information in the Sustainability Report. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Stan-

dards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. Hence, the conclusion based on our limited assurance procedures does not comprise the same level of assurance as the conclusion of our reasonable assurance procedures. Since this assurance engagement is combined, our conclusions regarding the reasonable assurance and the limited assurance will be presented in separate sections.

Our reasonable assurance engagement includes the following:

- a. Financial indicators (except environmental-related costs) found on page 5,
- b. Jet fuel and carbon dioxide (CO<sub>2</sub>) emissions related to SAS flight operations

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions below.

### Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

In our opinion the information in the Sustainability Report which has been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the criteria defined by the Board of Directors and Group Management.

Stockholm, 21<sup>st</sup> January 2015

PricewaterhouseCoopers AB

Bo Hjalmarsson  
Authorised Public Accountant

Fredrik Ljungdahl  
Expert Member of FAR

# SAS destinations

- Existing routes
- New routes for 2014
- New route Stockholm–Hong Kong opens in autumn 2015



**Our Vision**  
**Our vision is to make life easier for Scandinavia's frequent travelers. With SAS you are part of a community experiencing easy, joyful and reliable services, delivered the Scandinavian way.**

**Our Promise**  
**Makes your travel easier**

**Our DNA**  
**We are Scandinavian by name and by nature and our operational promises are:**

- Safety
- Punctuality
- Care

*SAS*

[www.sasgroup.net](http://www.sasgroup.net)

SAS AB (publ) Corp. Reg. No.: 556606-8499.  
Domicile: Stockholm. Street address: Frösundaviks Allé 1, Solna, Sweden.  
Postal address: SE-195 87 Stockholm, Sweden. Telephone: +46 8 797 00 00.